

MOEX FORUM 2019: MOSCOW SESSION

3 - 4 APRIL 2019



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AT A GLANCE



ETALON GROUP AT A GLANCE BEFORE ACQUISITION

Etalon Group is one of Russia's largest development and construction corporations. The Company focuses on residential real estate for the middle class in the Moscow metropolitan area and St Petersburg.

KEY FACTS

>30
YEARS of experience in
construction &
development

58
CITIES in Russia
covered by sales
network

6.3
MLN SQM commissioned since
inception

5 THS employees

2
MARKETS St Petersburg and Moscow
metropolitan area – two capital
cities with steadily growing
population and high concentration
of middle class customers

ETLN GDRs listed on the London
Stock Exchange since 2011
LSE ticker

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS



OLEG MUBARAKSHIN

Chairman of the Board of Directors,
Non-Executive Director

EXPERIENCE AND AWARDS

- More than 20 years of experience in corporate law and investment management
- EDUCATION
- Moscow State Academy of Law
- Finance Academy under the Government of the Russian Federation



SERGEY EGOROV

Non-Executive Director

EXPERIENCE AND AWARDS

- Sergey has experience in private equity, corporate finance, leveraged finance and debt restructuring
- EDUCATION
- Kyrgyz State National University, Diploma in Finance

EXECUTIVE DIRECTORS



KIRILL BAGACHENKO

Chief Financial Officer, Executive
Director

EXPERIENCE AND AWARDS

- 13 years' experience in corporate finance and asset management
- Previously held position of senior equity portfolio manager at TKB BNP Paribas Investment Partners
- In 2013 voted one of the top-3 portfolio managers in Russia by Thomson Reuters Extel Survey
- EDUCATION
- St Petersburg State University of Economics and Finance



MAXIM BERLOVICH

Executive Director, Head of
Construction & Maintenance Division

EXPERIENCE AND AWARDS

- Over 10 years of experience in the construction industry
- EDUCATION
- Peter the Great St Petersburg Polytechnic University, MBA from Verlick Business School

INDEPENDENT NON-EXECUTIVE DIRECTORS



MARTIN COCKER

Independent Non-Executive Director

EXPERIENCE AND AWARDS

- Over 20 years of experience in audit, 7 years - in construction industry
- Runs his own development business in Portugal
- Worked at Deloitte & Touche, KPMG and Ernst & Young in Russia, Kazakhstan and UK
- EDUCATION
- University of Keele



BORIS SVETLICHNY

Independent Non-Executive Director

EXPERIENCE AND AWARDS

- Over 29 years of experience in finance and senior management with international and Russian companies
- Recent experience included CFO position at Orange in Russia, VP for Finance at Vimpelcom and CFO at Golden Telecom
- EDUCATION
- University of Massachusetts, Carnegie-Mellon University (MBA)



DENNIS VINOKOUROV

Independent Non-Executive Director

EXPERIENCE AND AWARDS

- Over 20 years of experience in private equity, corporate law and real estate in Moscow, Stockholm and New York
- Held senior investment roles at VI Holding Development, Russian Direct Investment Fund and East Capital
- Practiced corporate law with White & Case and is a member of the New York Bar
- EDUCATION
- Stern Business School (MBA), NYU Law School (LL.M.), Central European University (LL.M.), Moscow State Institute of International Relations (Diploma in Law)



MARINA OGLOBLINA

Independent Non-Executive Director

EXPERIENCE AND AWARDS

- Many years of experience in the administrations of the city and region of Moscow
- EDUCATION
- Moscow Finance University



GANNA KHOMENKO

Independent Non-Executive Director

EXPERIENCE AND AWARDS

- 20 years of experience in management, consultancy and strategy positions in the legal and finance fields
- EDUCATION
- Keele University, degree in law and international politics
- College of Law in Chester, UK (completed a Legal Practice Course)



CHARALAMPOS AVGOUSTI

Independent Non-Executive Director

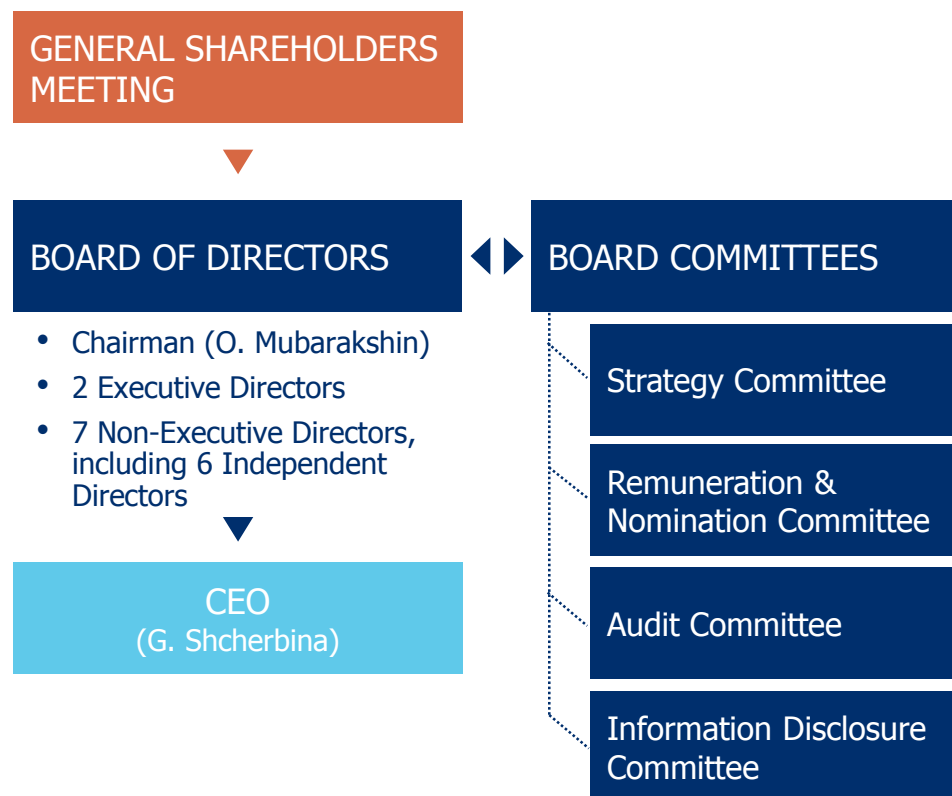
EXPERIENCE AND AWARDS

- 10 years of legal experience in the RE, corporate and banking sectors
- Founder and Managing Director of Ch. Avgousti & Partners LLC
- Board member at Cyprus Telecommunication Authority (CYTA), member of the Advisory council of Limassol for the Central Cooperative Bank
- EDUCATION
- Northumbria University Newcastle, Democritus University of Thrace

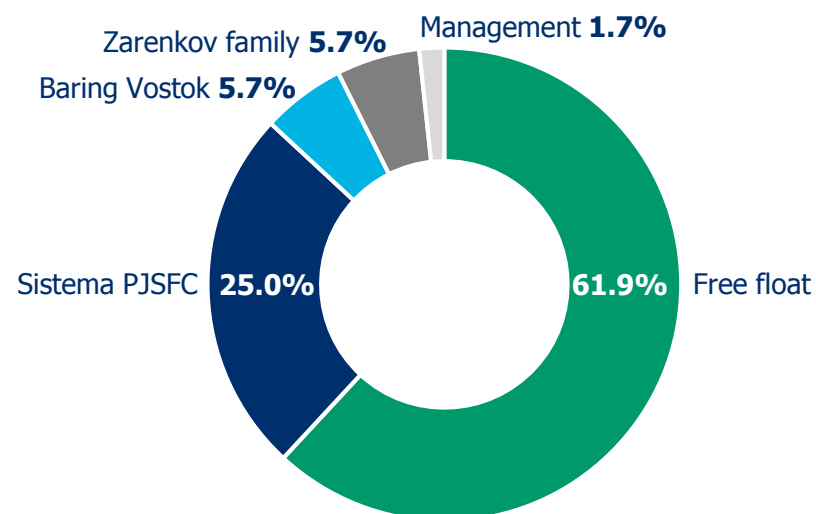
CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE



CORPORATE GOVERNANCE STRUCTURE



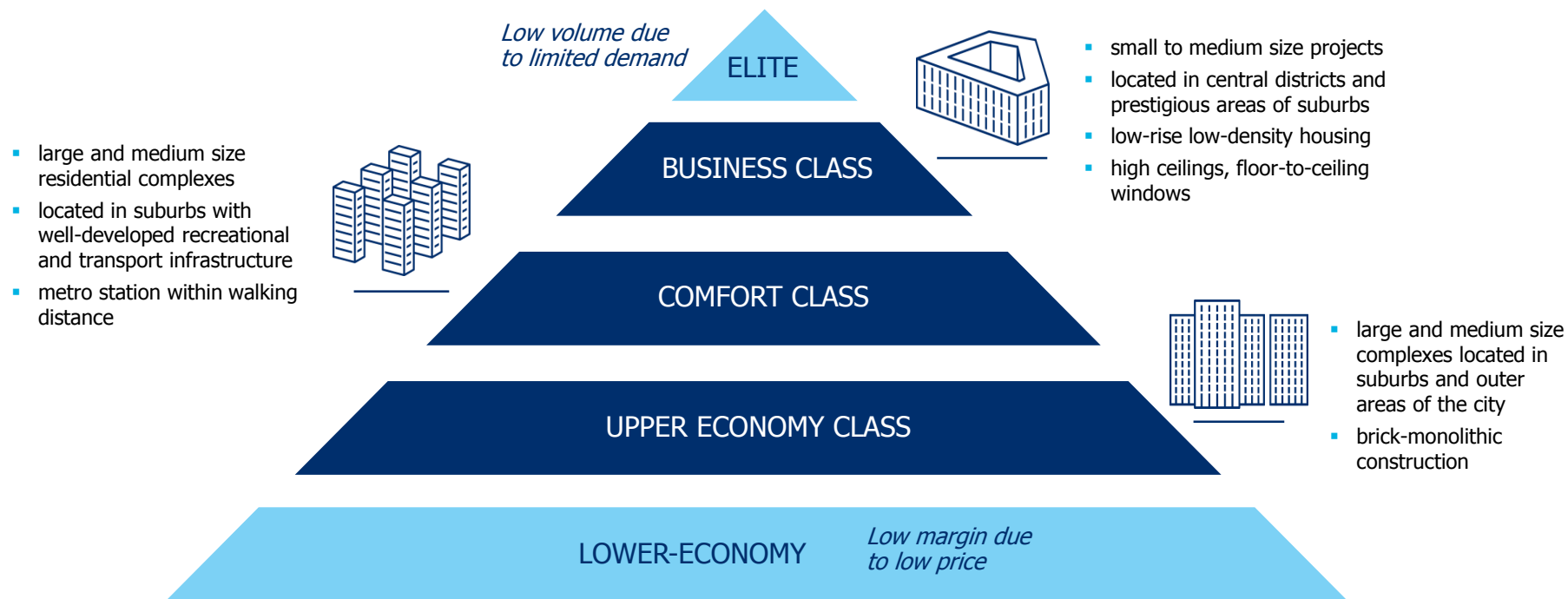
SHAREHOLDER STRUCTURE⁽¹⁾



Source:
Company data

⁽¹⁾ As of 19 February 2019

ETALON GROUP SEGMENTS



POWERFUL SALES NETWORK ACROSS THE COUNTRY

NATIONWIDE SALES & MARKETING
NETWORK SUPPORTS SUSTAINABLE
CONTRACT SALES

REGIONAL POPULATION ACTIVELY BUYS APARTMENTS IN MOSCOW AND ST PETERSBURG



- > Etalon Group's sales force focuses on regions with the highest per capita income levels
- > Key markets: St Petersburg and Moscow
- > 58 cities covered with 25 sales offices nationwide
- > External professional marketing and sales service agents engaged nationwide

ETALON GROUP'S REGIONAL SALES GEOGRAPHY⁽¹⁾

REGION	SHARE OF TOTAL CONTRACTS
Leningrad region	2.7%
Khabarovsk Krai	1.4%
Yamalo-Nenets AD	1.3%
Khanty-Mansi AD	1.3%
Murmansk region	1.2%
Yakutia	1.1%
Krasnoyarsk Krai	1.0%
Primorsky Krai	0.9%
Arkhangelsk region	0.9%
Other Russian regions	22.3%
Foreigners	0.9%
TOTAL	34.9%

THE GROUP'S FLATS ARE SOLD IN 14 OF RUSSIA'S 15 MOST AFFLUENT REGIONS

REGIONAL INCOME PER CAPITA TO RUSSIA AVERAGE⁽²⁾

Chukotka	2.1x	
Nenets AD	2.1x	
Yamalo-Nenets AD	1.9x	
Moscow	1.9x	
Magadan region	1.5x	
Sakhalin region	1.5x	
Khanty-Mansi AD	1.4x	
Moscow region	1.3x	
St Petersburg	1.3x	
Yakutia	1.3x	
Kamchatskiy krai	1.3x	
Tyumen region	1.3x	
Khabarovskiy krai	1.2x	
Murmansk region	1.1x	
Russia average	1.0x	

■ Etalon Group's target regions

⁽¹⁾ Source: Company data for 4Q 2018

⁽²⁾ Average monthly cash income per capita, Rosstat's estimates for 12 months of 2018

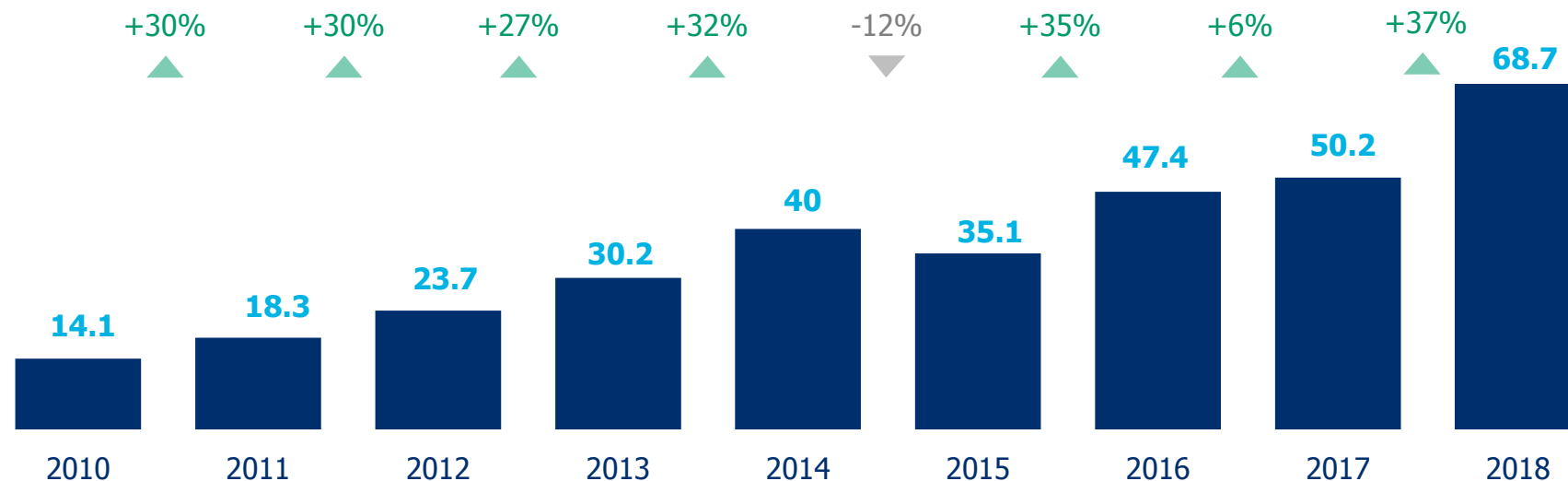
SALES PERFORMANCE SINCE IPO



NEW CONTRACT SALES DEMONSTRATE
IMPRESSIVE GROWTH, WITH CAGR OF 22%

NEW CONTRACT SALES

bln RUB



STRATEGIC ACQUISITION OF LEADER-INVEST



ACQUISITION SUMMARY

TRANSACTION

- Acquisition of 51% in Leader-Invest JSC ("Leader-Invest"), a Russian residential real estate developer focused on the Moscow market, from Sistema PJSC and affiliates by Etalon's subsidiary Etalon Group of Companies AO
- RUB 15.2 bln consideration to be paid fully in cash by Etalon Group
- Acquisition to be funded using 5-year credit facility from Sberbank

LEADER-INVEST KEY FIGURES

- 31 projects under construction or in design stage located in Moscow inside the Moscow Ring Road, including 28 small to medium size projects and 3 large-scale multi-use development projects
- 1.3 million square meters of unsold NSA⁽¹⁾
- Focus on comfort, business and premium class segments
- Low leverage with 0.1x net debt/EBITDA level as of 31.12.2018⁽²⁾
- c. 400 employees as of 31.12.2018

INTEGRATION

- After completing the transaction, Leader-Invest will be fully integrated into Etalon Group

DEAL ADVISORS

- J.P. Morgan Securities plc acted as financial adviser to Etalon Group
- Allen & Overy is acting as a legal advisor for Etalon Group
- PwC is acting as a financial and tax advisor for Etalon Group

⁽¹⁾ According to Colliers International valuation report as of 01.10.2018

⁽²⁾ Net debt of RUB 0.3 bln as of 31.12.18 based on management accounts; FY2017 EBITDA of RUB 2.4 bln according to Leader-Invest IFRS accounts is used

STRATEGIC RATIONALE

CREATES A LEADING PLAYER IN MOSCOW

- Acquisition of Leader-Invest significantly improves Etalon's share in the most lucrative Moscow residential real estate market, making the combined entity one of the leading developers in Moscow:
 - #1 by number of projects offered to the market⁽¹⁾
 - #2 in sales⁽¹⁾
 - #2 in volumes under construction⁽²⁾

STRENGTHENING PROJECT PORTFOLIO

- c. 48% increase in unsold NSA⁽³⁾
- Replenish landbank with a diversified portfolio of early-stage and advanced-stage projects to create substantial growth opportunity
- No overlap with Etalon's pre-acquisition project portfolio

SIGNIFICANT OPERATIONAL SYNERGIES

- Etalon Group's vertically integrated platform will ensure efficient development of Leader-Invest projects
- Considerable optimisation of construction and SG&A costs by eliminating duplicate administrative and operational functions
- Utilisation of Etalon's sales network to unlock value of Leader-Invest projects
- Low one-off integration expenses thanks to limited headcount of Leader-Invest

IMPROVED PROFITABILITY AND STRONG FINANCIAL POSITION

- Improve Etalon's margin due to higher share of projects in more profitable business and premium class segments
- Significant addition to Etalon's revenue
- Etalon maintains strong balance sheet with 0.85x net debt/EBITDA level⁽⁴⁾

VALUE ENHANCING ACQUISITION

- Acquisition cost per sqm of RUB 23 ths is close to low end of Etalon's current land plot acquisition cost range of RUB 20 ths – RUB 38 ths⁽⁵⁾
- Average selling price per sqm for Leader-Invest projects of RUB 240 ths⁽⁶⁾, significantly above current range for Etalon's projects of RUB 132 ths – RUB 200 ths⁽⁵⁾

⁽¹⁾ Based on Knight Frank data as of 31.12.2018

⁽²⁾ Based on Russian Unified Registrar of Residential Real Estate Developers data as of 31.12.2018

⁽³⁾ Including minority interest of Sistema PJSC of 49%

⁽⁴⁾ Etalon Group net cash of RUB 2.3 bln plus Leader-Invest net debt of RUB 0.3 bln as of 31.12.18 based on management accounts less the acquisition cost funded by the credit facility; Etalon Group plus Leader-Invest FY2017 EBITDA of RUB 13.2 bln and RUB 2.4 bln, respectively, according to IFRS accounts

⁽⁵⁾ For Etalon Group projects under construction in Moscow within the Moscow Ring Road

⁽⁶⁾ Forecasted average real estate sale price for Leader-Invest projects

LEADER-INVEST AT A GLANCE



LEADER INVEST

ONE OF THE LEADING DEVELOPERS IN MOSCOW

- Leader-Invest is a leading residential real estate developer within Moscow Ring Road
- Portfolio includes 31 projects under construction or in design stage and 8 completed projects with total area of unsold property available for sale of about 1.3 million sqm
- Prime locations in well-developed and attractive neighbourhoods with a healthy living environment inside Moscow Ring Road
- 69 ths sqm of NSA sold in 2018

PROVEN BUSINESS MODEL

- Focus on the most in demand comfort and business segments
- Established process for selection of attractive assets with excellent transport accessibility
- Development of unique, niche product with a focus on modern trends
- 8 projects delivered over the last 3 years

WELL-DEVELOPED FINANCIAL FUNCTION AND TRANSPARENCY PRACTICES

- Leader-Invest reports IFRS financial results on semi-annual basis
- Portfolio valuation carried by reputable independent appraiser (Colliers International)
- Leader-Invest has publicly traded bonds since 2016
- S&P credit rating of B with a stable outlook

REPUTABLE SHAREHOLDER

- Leader-Invest is a subsidiary of Sistema PJSFC, whose shares and GDRs are listed on MOEX and the LSE since 2005
- Sistema PJSFC is a well-recognised holding company with reputable investment track record
- Well defined corporate governance platform in line with international standards
- Sistema PJSFC to remain a 49% minority shareholder post transaction

LEADER-INVEST PORTFOLIO OVERVIEW

TOTAL AREA
UNSOLD NSA
PROPERTY CLASS
BRIEF OVERVIEW

WINGS



160 ths sqm
154 ths sqm
Business

Wings is a business-class project located in the Ramenki district of Moscow, just minutes from major transport routes and within walking distance of the Michurinskiy Prospekt metro station. The project's three interconnected buildings of up to 21 storeys, with a total of 1,473 apartments and 160 ths sqm of NSA, look out over a forest park and the Ramenka river. This development will offer residents 3.1-metre high ceilings with large windows that will provide for excellent views and plenty of natural lighting. The private territory of the Wings project will include recreation grounds, a preschool and school as well as commercial and office space.

2018 – 2023

NAGATINO I-LAND



333 ths sqm
333 ths sqm
Business

Nagatino I-Land is a business-class project located on the shore of the Moscow River in the Nagatino district of Moscow near major transport routes and just 5 minutes from the nearest metro station. The project will include residential and commercial space, as well as underground parking. Nagatino I-Land will offer residents extensive landscaped green spaces, including pedestrian boulevards along the Moscow River embankment. This 4-hectare development will become a self-contained neighbourhood, with cafes and restaurants, shopping and social infrastructure all located on the carefully thought-out territory.

2019 – 2025

ZIL YUG



623 ths sqm
623 ths sqm
Business / Comfort

This large-scale urban redevelopment project will create a new business- and comfort-class residential district with 623 ths sqm of NSA on a 109-hectare land plot just 6km from the Kremlin. Developed based on a "smart neighbourhood" concept, the district will be equipped with electric car charging stations, sorting facilities for recycling waste and other features that will make ZIL Yug one of the world's most modern urban districts. The ZIL Yug project will house approximately 60 ths residents and include an exhibition centre, shopping centre, schools, preschools, a hospital and health clinic.

2020 – 2028

OTHER PROJECTS



338 ths sqm
189 ths sqm
Premium / Business / Comfort

Leader-Invest's landbank includes 29 other projects that are either under construction or in the design stage, with a total area of 338 ths sqm. The company's portfolio includes premium-, business- and comfort-class projects located in well-developed residential areas with good social infrastructure inside the Moscow Ring Road, all with good access to public transport and main roads, as well as parks, shopping and entertainment facilities.

by 2024

CONSTRUCTION
PERIOD

STRATEGIC ACQUISITION OF LEADER-INVEST

ETALON GROUP

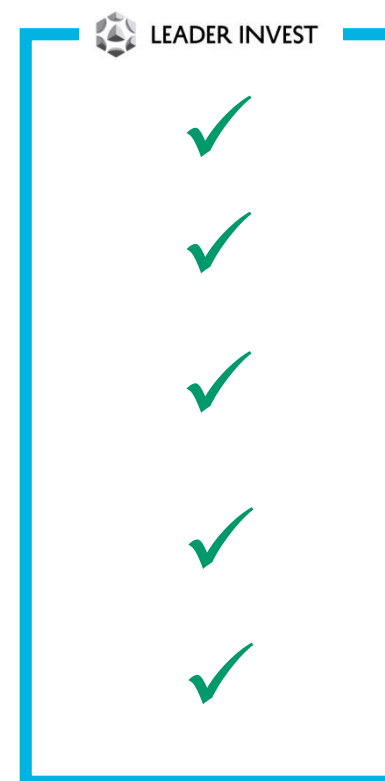
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LEADER-INVEST ACQUISITION IS IN LINE WITH ETALON GROUP DEVELOPMENT STRATEGY



LEADER-INVEST FULLY SATISFIES ALL CHARACTERISTICS SET FOR POTENTIAL M&A TARGETS BY ETALON:

- 1** FOCUS ON THE SAME REGIONS AND SEGMENTS
- 2** COMPLEMENTARY PORTFOLIO AND VALUE CHAIN
- 3** CONSIDERABLE OPERATING SYNERGIES DUE TO ELIMINATION OF DUPLICATE FUNCTIONS AND MONETISATION OF SALES NETWORK
- 4** ATTRACTIVE PROFITABILITY ACROSS PROJECT PORTFOLIO AND SIGNIFICANT RETURN ON INVESTMENTS
- 5** HIGH LEVEL OF TRANSPARENCY



TRANSACTION EFFECT ON ETALON GROUP OPERATIONS IN MOSCOW



ETALON'S PROJECTS

11 projects



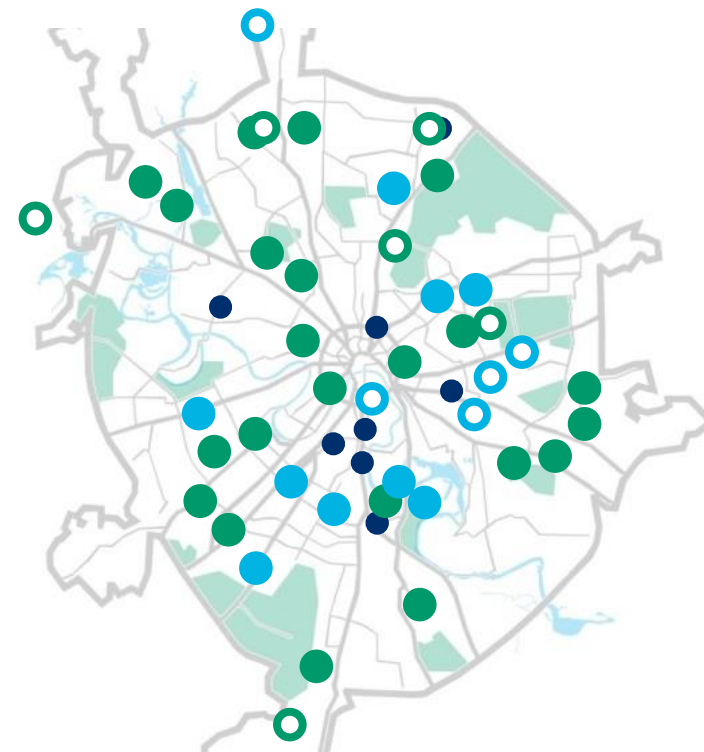
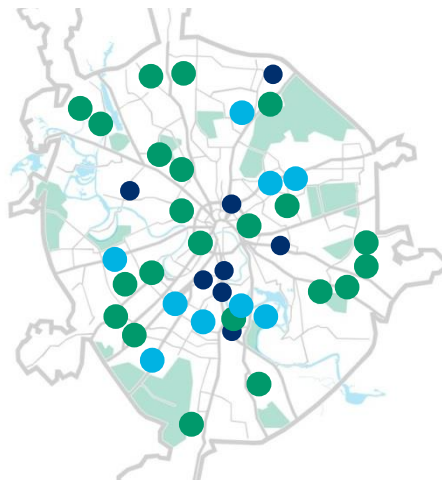
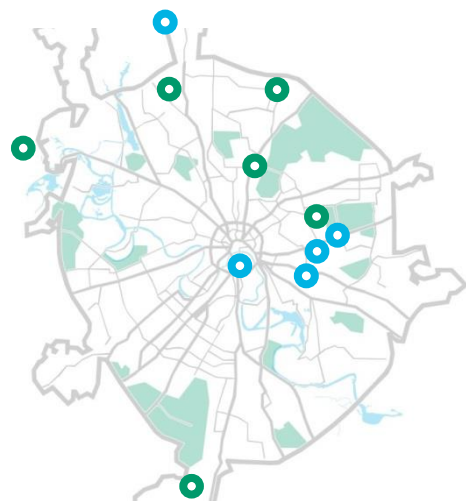
LEADER'S PROJECTS

31 projects



PROJECTS IN MOSCOW

42 projects



UNDER CONSTRUCTION



DESIGN STAGE



COMPLETED

ETALON GROUP OPERATIONS IN ST PETERSBURG AND MOSCOW AFTER THE TRANSACTION



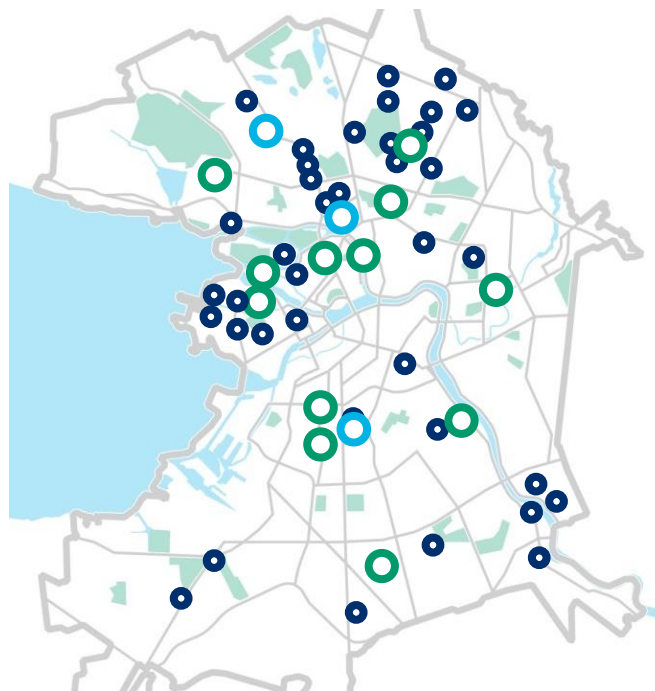
57 PROJECTS

4.0 MLN SQM
UNSOLD NSA⁽¹⁾

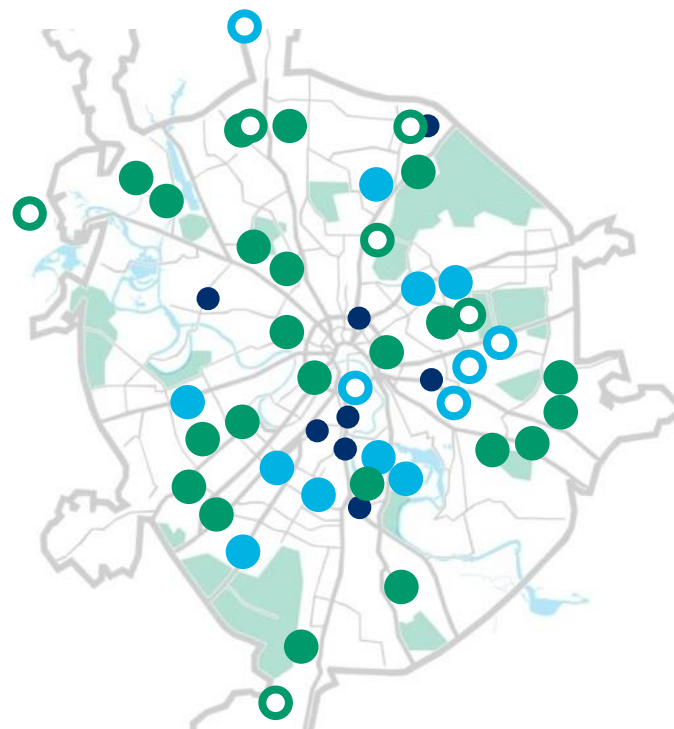
200 BLN RUB OPEN
MARKET VALUE⁽¹⁾

58 CITIES COVERED BY
SALES NETWORK

PROJECTS IN ST PETERSBURG



PROJECTS IN MOSCOW



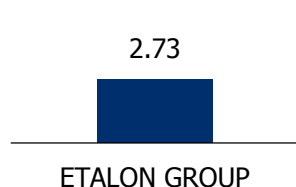
-  UNDER CONSTRUCTION
-  DESIGN STAGE
-  COMPLETED
-  ETALON BEFORE DEAL
-  NEW PROJECTS

⁽¹⁾ Including minority interest of Sistema PJSC of 49% in Leader-Invest projects

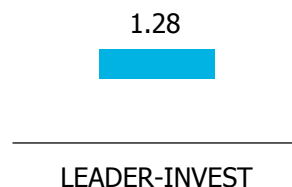
LANDBANK DEVELOPMENT

UNSOLD NSA,
MLN SQM

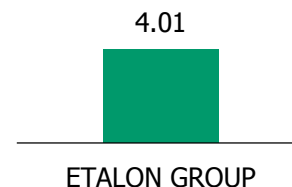
ETALON GROUP



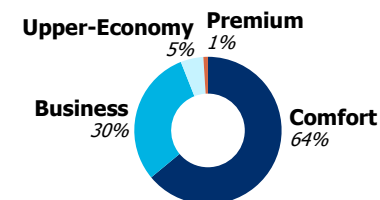
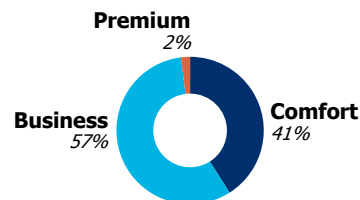
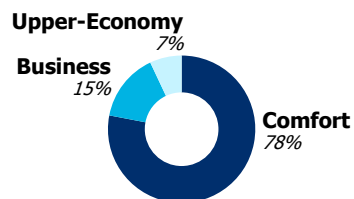
LEADER-INVEST



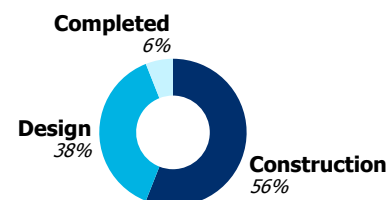
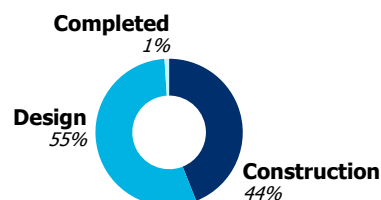
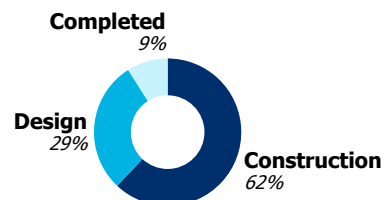
PRO-FORMA⁽¹⁾



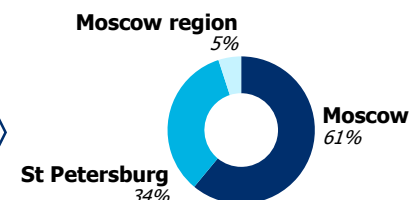
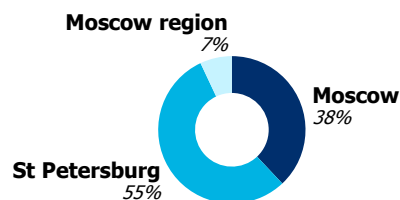
BREAKDOWN BY
SEGMENTS



BREAKDOWN BY
STAGE



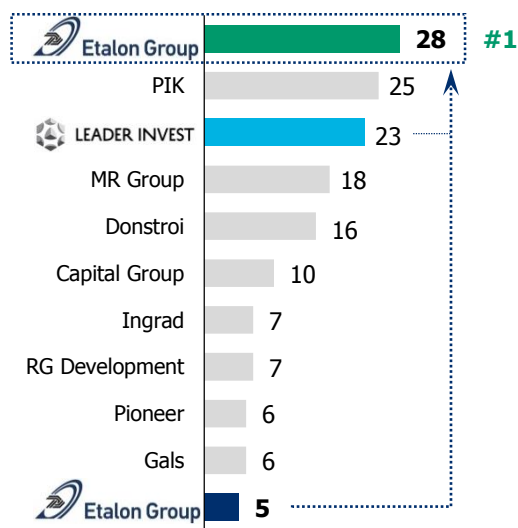
BREAKDOWN BY
REGIONS



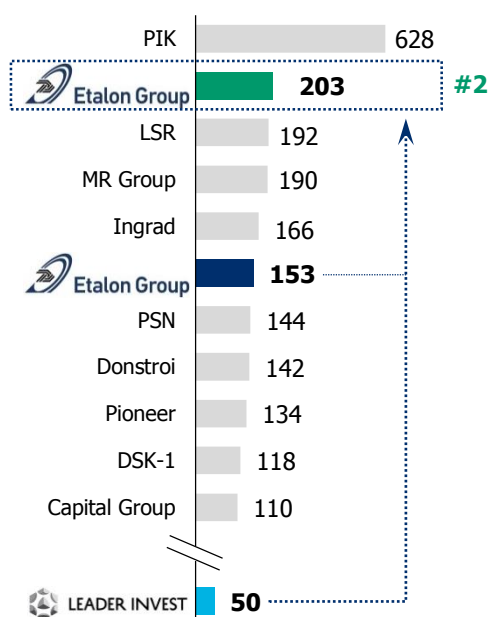
⁽¹⁾ Including minority interest of Sistema PJSFC of 49% in Leader-Invest projects

STRENGTHENING MARKET POSITION IN MOSCOW

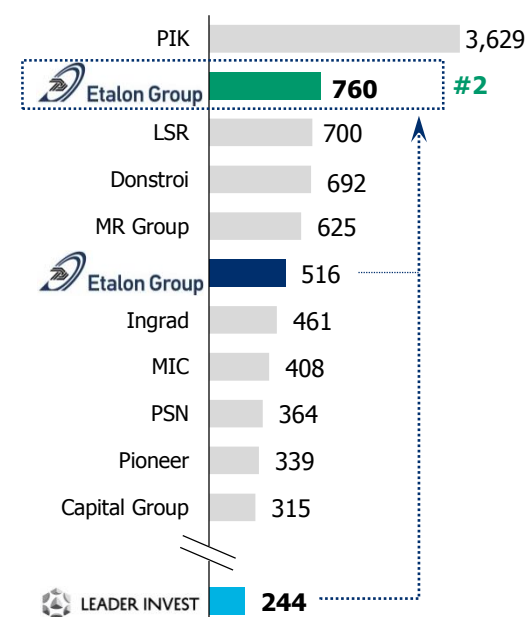
#1 BY NUMBER OF PROJECTS OFFERED TO THE MARKET⁽¹⁾



#2 IN SALES⁽¹⁾



#2 IN VOLUMES UNDER CONSTRUCTION⁽²⁾

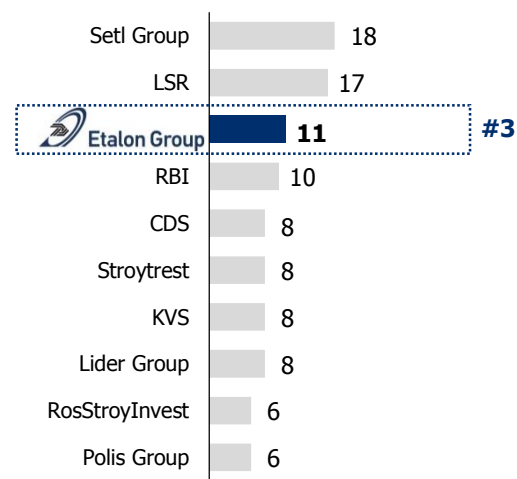


⁽¹⁾ Based on Knight Frank data as of 31.12.2018; for sales ranking the data for residential real estate sales is used without commercial premises and parking

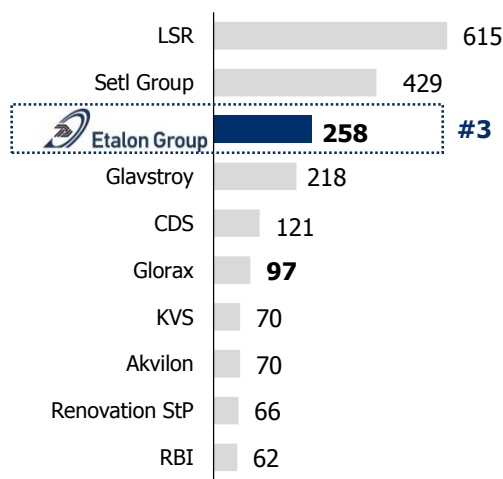
⁽²⁾ Based on Russian Unified Registrar of Residential Real Estate Developers data as of 31.12.2018, Company data as of 31.12.2018 for Leader-Invest and Etalon

MARKET POSITION IN ST PETERSBURG

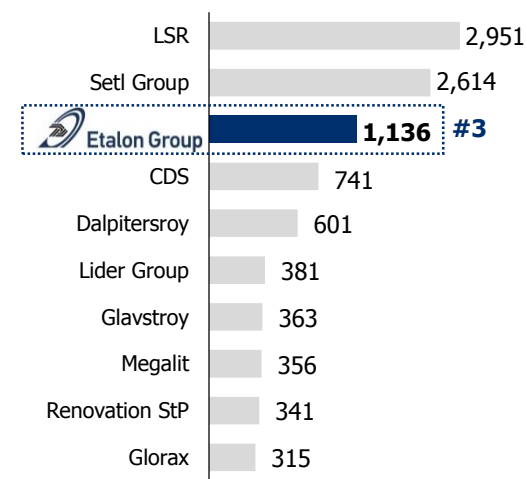
#3 BY NUMBER OF PROJECTS OFFERD TO THE MARKET⁽¹⁾



#3 IN SALES⁽¹⁾



#3 IN VOLUMES UNDER CONSTRUCTION⁽²⁾



⁽¹⁾ Based on Knight Frank data as of 31.12.2018; for sales ranking the data for residential real estate sales is used without commercial premises and parking

⁽²⁾ Based on Russian Unified Registrar of Residential Real Estate Developers data as of 31.12.2018

BENEFITS OF INTEGRATION



DESIGN AND PERMITTING



MARKETING AND SALES



PROJECT MANAGEMENT



GENERAL CONTRACTING AND SUBCONTRACTING



ONGOING MAINTENANCE

CURRENT CHALLENGES FOR LEADER-INVEST

- Lack of design bureau that can evaluate planning solutions and advise on their necessity

- Limited in-house sales capacity
- Large commission paid for brokers
- Limited access to regional buyers

- Limited expertise in implementing full-fledged development projects and lack of experience with large-scale mixed-use projects

- Significant construction costs related to inflation of construction budgets and project execution due to lack of in-house general contractors and subcontractors

- No property management company
- No access to customers after sale of real estate in order to receive feedback and further promote projects

WAYS ETALON CAN IMPROVE IT

- Deep in-house design expertise
- Extensive use of BIM tools at all stages of development
- Quick approval of documentation due to reputation as a strong and reliable player

- Best-in-class sales team
- 58 cities covered by sales network
- Established in-house marketing and sales functions
- Strong brand
- Advanced IT solutions facilitate interaction with customers and brokers

- About 200 fully-managed residential buildings delivered
- Large-scale construction projects ranging from factories to exhibition centres
- Skilled staff who ensure quality, safety and timely delivery, while accurately forecasting required resources

- High quality general contracting and subcontracting services offer competitive prices and quality with proven track-record and experience executing large-scale projects

- Own property management company with 4.6 mln sqm of real estate and 18.4 ths parking spaces under management

BENEFITS FOR ETALON GROUP

- Potential to cut costs for external architects and increase efficiency of planning solutions, as well as monitoring of under-construction projects

- Lower costs for promoting projects
- Lower fees paid to brokers
- Accelerate pace of sales at existing projects thanks to Etalon's strong sales team and additional demand from regional buyers

- Increase quality of projects
- Shorten construction time
- Efficient implementation of large-scale projects like Wings, Nagatino and ZIL-Yug

- Reduce construction costs at Leader-Invest projects
- Increase quality of projects
- Utilise Etalon Group capacities and achieve economies of scale
- Increase margins for large-scale mixed-use projects

- Additional income from property management company
- Expand areas of activity of service company by entering business and premium segments
- Expand channels for promoting projects

VALUE CREATION THROUGH SYNERGIES

- Management has conducted an analysis of potential synergies with Leader-Invest on the basis of the Group's experience in the real estate sector and precedent transactions in the industry
- A preliminary analysis of potential synergies has identified the following areas:

CONSTRUCTION COSTS

1. Optimisation of materials sourcing and procurement
2. General and subcontractors services costs optimisation
3. Increased purchasing power in new land plot acquisitions – lower acquisition costs

ADMINISTRATIVE EXPENSES

1. Personnel cost optimisation
2. Rationalisation of shared services

SELLING EXPENSES

1. Utilisation of combined sales network
2. Combined procurement of marketing / advertisement services
3. Increased efficiency of customer funnel

FINANCE

1. Refinancing of current Leader-Invest debt at Etalon's marginal financing cost

**RUB 0.7 Bln –
RUB 1.1 Bln**

Estimated annual savings⁽¹⁾

⁽¹⁾ One-off integration costs in 2019 are estimated at c. RUB 0.5-0.9 bln

JOINT BRANDING UNDER ETALON'S ROOF



Etalon Group

- ✓ More than 30-year history
- ✓ Successful track record in Russia with 6.3 million sqm commissioned since inception, without any delays
- ✓ TOP-3 brand by customer recognition in St Petersburg
- ✓ TOP-10 brand by customer recognition in Moscow
- ✓ #1 developer operating in Moscow and St Petersburg by customer recognition in Russia's regions thanks to nationwide sales and marketing network
- ✓ The highest (5 out of 5) grade of quality according to Russian Unified Registrar of Residential Real Estate Developers
- ✓ Strong corporate brand without unified project branding



LEADER INVEST

- ✓ Leading developer in Moscow by number projects in portfolio
- ✓ TOP-30 brand by customer recognition in Moscow
- ✓ Established product branding for business class residential property called "Schastye" (Happiness):

- Normal (3 out of 5) grade of quality according to Russian Unified Registrar of Residential Real Estate Developers
- ✗ One of three developers in Moscow market that uses the word "leader" in its name
- ✗ Low brand recognition in Russia's regions



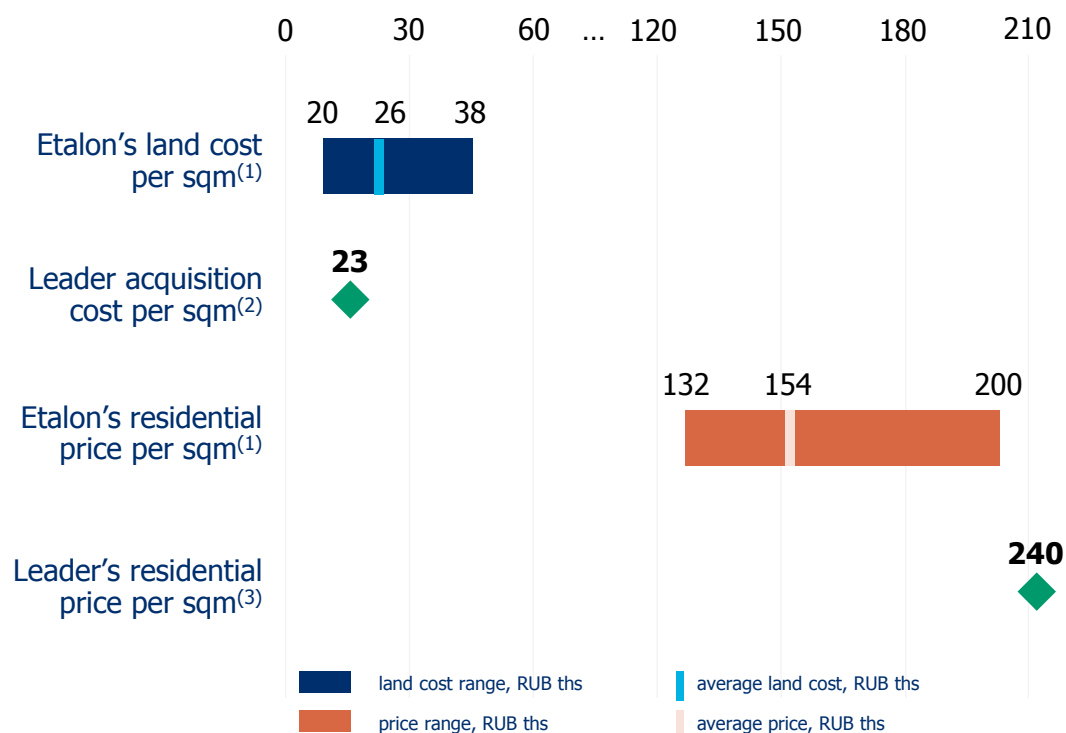
Etalon Group

BENEFITS:

- Reputation as a reliable developer with significant experience will add value to Leader-Invest projects
- Well-developed sales network and high brand recognition for Etalon will significantly increase sales for Leader-Invest projects
- Large number of projects will further strengthen Etalon's brand recognition in Moscow
- Potential to use well-developed project branding standards of Leader-Invest

VALUE ENHANCING ACQUISITION

ACQUISITION OF MORE PROFITABLE PROJECTS AT AN ATTRACTIVE PRICE:



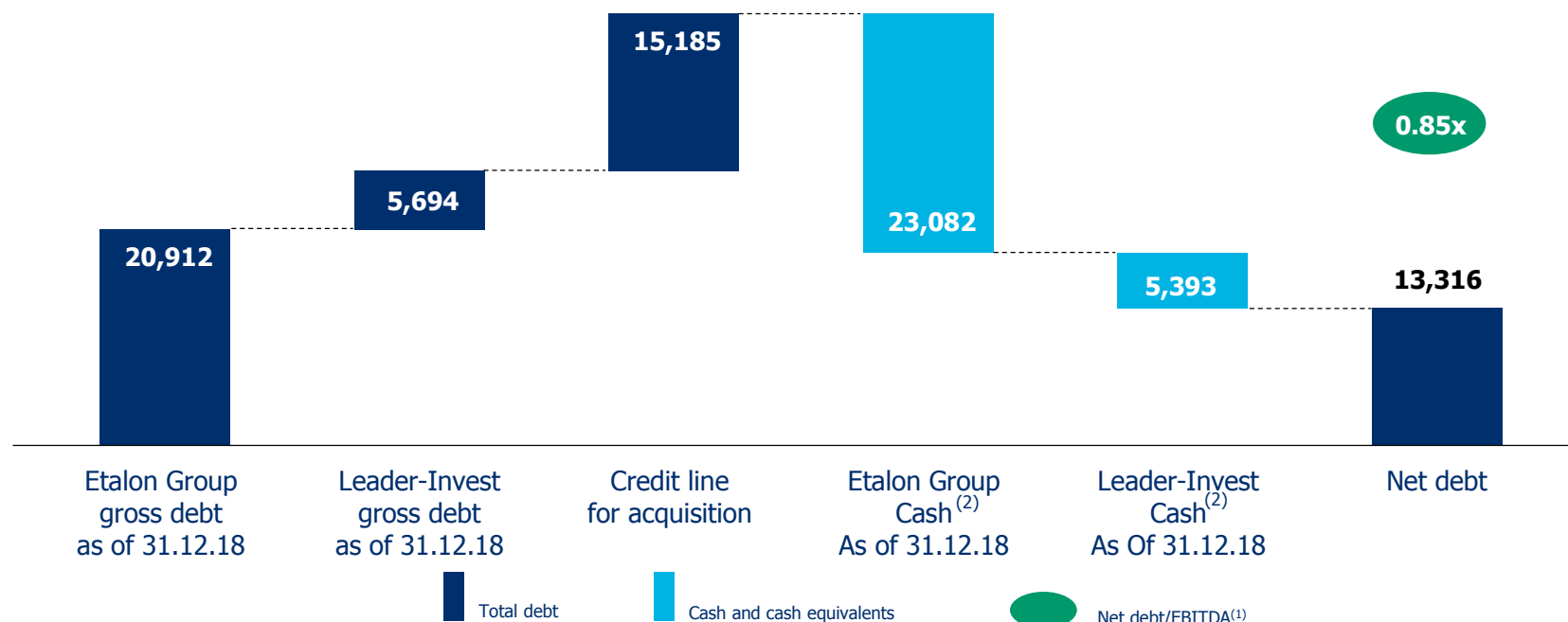
- The cost of RUB 23 ths per sqm for the acquisition of Leader-Invest is close to the lower end of Etalon Group's current price range for land acquisition of RUB 20 ths – RUB 38 ths per sqm, and 11% below Etalon Group's average acquisition cost of RUB 26 ths per sqm
- The average selling price of RUB 240 ths per sqm⁽³⁾ for Leader-Invest projects is significantly above the current range of RUB 132 ths – RUB 200 ths per sqm for Etalon Group's projects

⁽¹⁾ For Etalon Group projects under construction in Moscow within the Moscow Ring Road

⁽²⁾ Acquisition cost divided by Etalon's share of unsold area in Leader-Invest project portfolio of 1.3 mln sqm

⁽³⁾ Forecasted average real estate sale price for Leader-Invest projects

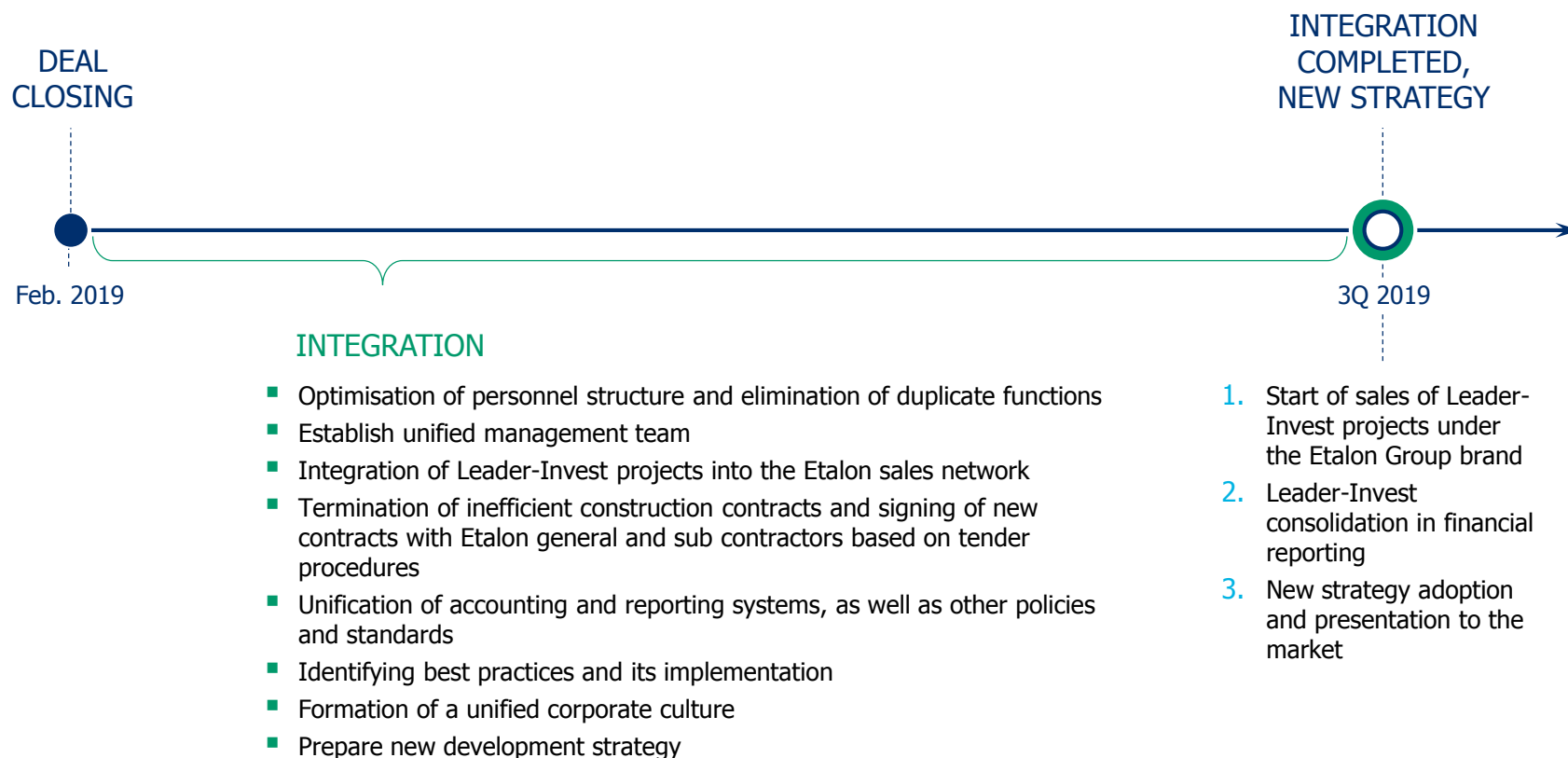
ETALON MAINTAINS A STRONG BALANCE SHEET EVEN AFTER RUB 15.2 BLN ACQUISITION



⁽¹⁾ Etalon Group plus Leader-invest FY2017 EBITDA of RUB 13.2 bln and RUB 2.4 bln, respectively, according to IFRS accounts

⁽²⁾ Cash and cash equivalents

INDICATIVE INTEGRATION TIMETABLE



CONTINUE TO ADHERE TO DISCIPLINED LONG-TERM FINANCIAL POLICIES



LEVERAGE



Continue to maintain strong balance sheet with net debt / EBITDA below 2x

DIVIDENDS



Keep dividend policy unchanged with 40% - 70% payout ratio

NEW ACQUISITIONS



In line with previously announced principles

BENEFITS OF ACQUISITION

- 1.** UNIQUE OPPORTUNITY TO ACCELERATE GROWTH IN SALES AND POSITIVE OPERATING CASH FLOW EVEN FURTHER AND TO REACH STRATEGIC GOALS AHEAD OF SCHEDULE, WHILE CONTINUING TO PAY DIVIDENDS IN LINE WITH EXISTING DIVIDEND POLICY
- 2.** ACQUISITION OF HIGH-QUALITY PROJECT PORTFOLIO WITH EXCELLENT GEOGRAPHICAL FIT, WHILE MAINTAINING STRONG BALANCE SHEET
- 3.** RIGHT TIME FOR TRANSACTION TO CONSOLIDATE MARKET IN KEY REGION
- 4.** OPPORTUNITY TO CREATE VALUE THROUGH SYNERGIES AND IMPROVED PROFITABILITY

OPERATING RESULTS



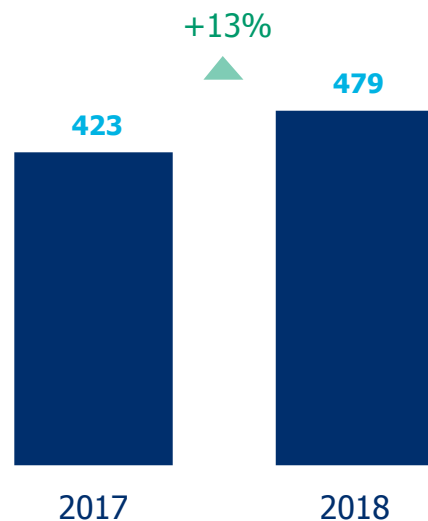
4Q 2018 OPERATING RESULTS



NEW CONTRACT SALES INCREASED BY 47%
Y-O-Y TO AN ALL-TIME HIGH OF RUB 24 BLN

DELIVERIES

ths sqm



2018 DELIVERIES BREAKDOWN

ths sqm

PROJECT	NSA, ths sqm
Etalon-City	171
Galactica	152
Samotsvety	56
Summer Garden	47
House on Obruchevykh street	39
Emerald Hills	8
Moscow Gates	6
TOTAL	479

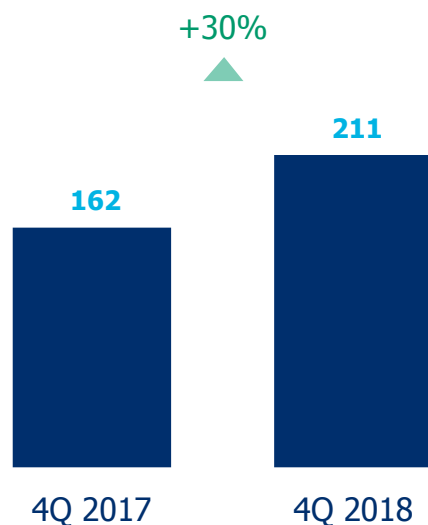
Source:
Company data

4Q 2018 OPERATING RESULTS

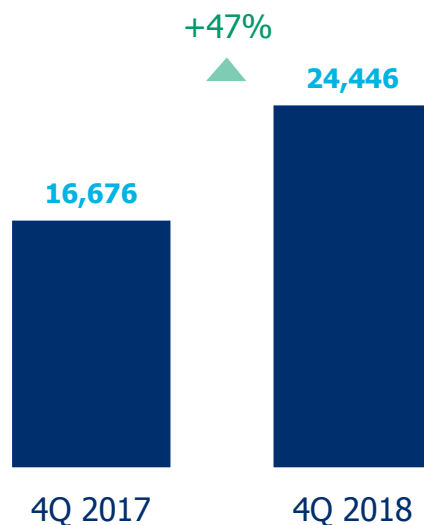


NEW CONTRACT SALES INCREASED BY 47%
Y-O-Y TO AN ALL-TIME HIGH OF RUB 24 BLN

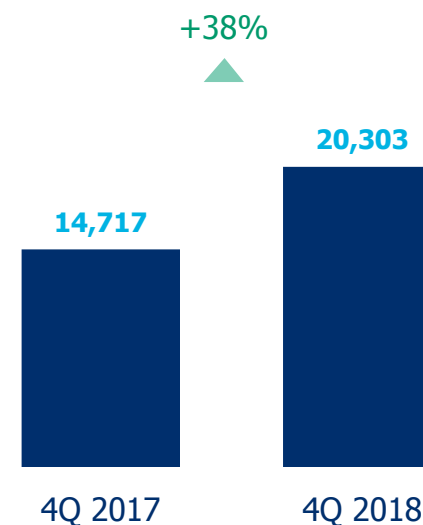
NEW CONTRACT SALES
ths sqm



NEW CONTRACT SALES
mln RUB



CASH COLLECTIONS
mln RUB



- The number of new contracts reached **4,245 in 4Q 2018, up by 33% compared to 4Q 2017**

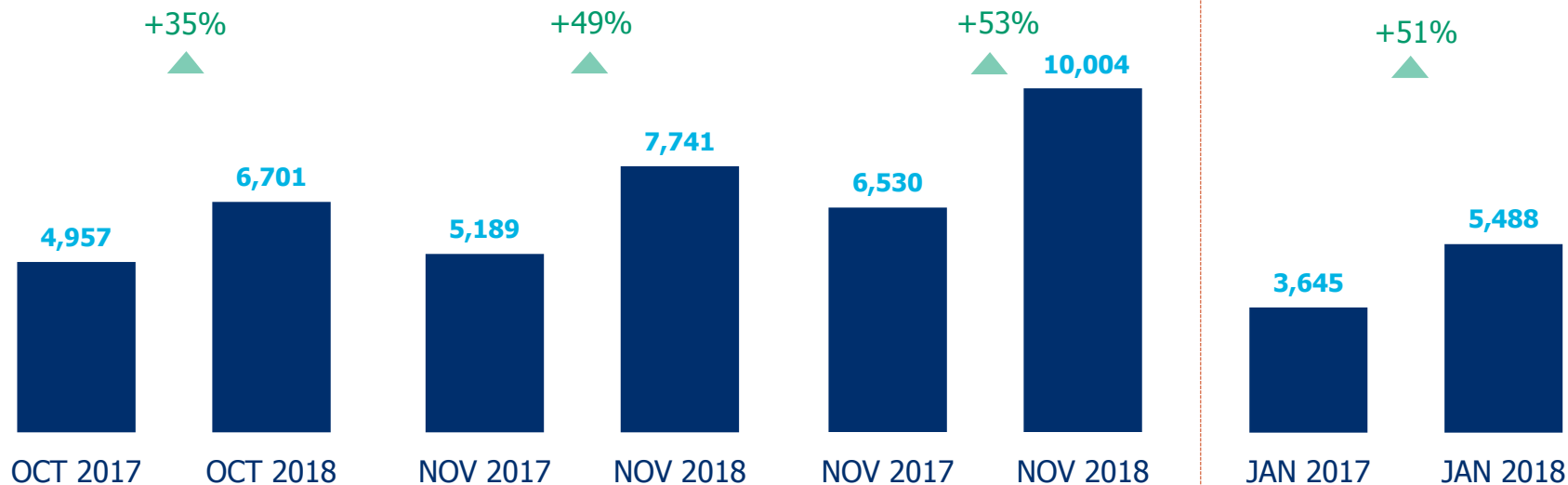
MONTHLY SALES PERFORMANCE



ETALON SAW IMPRESSIVE MONTHLY SALES PERFORMANCE THROUGHOUT 4Q 2018 AND IN JANUARY 2019

NEW CONTRACT SALES

mln RUB



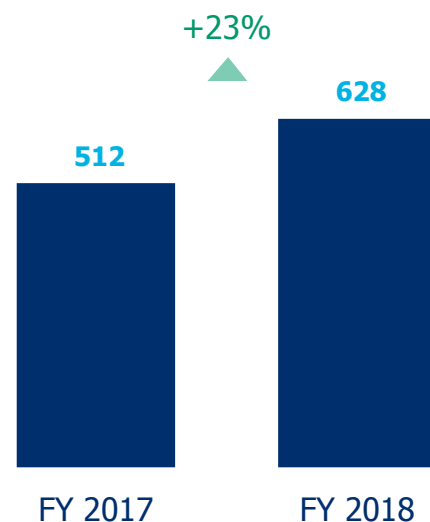
Source:
Company data

FY 2018 OPERATING RESULTS

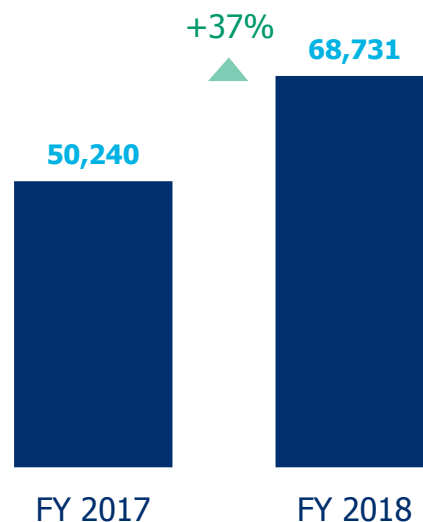


ETALON DELIVERED RECORD RESULTS
ACROSS ALL KEY METRICS IN FY 2018

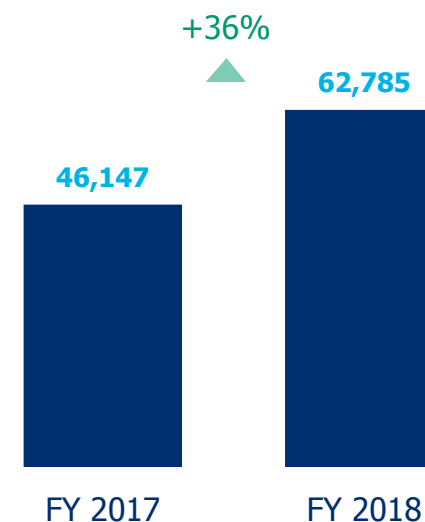
NEW CONTRACT SALES
ths sqm



NEW CONTRACT SALES
mln RUB



CASH COLLECTIONS
mln RUB



- The number of new contracts reached **12,312 in FY 2018, up by 24% compared to FY 2017**

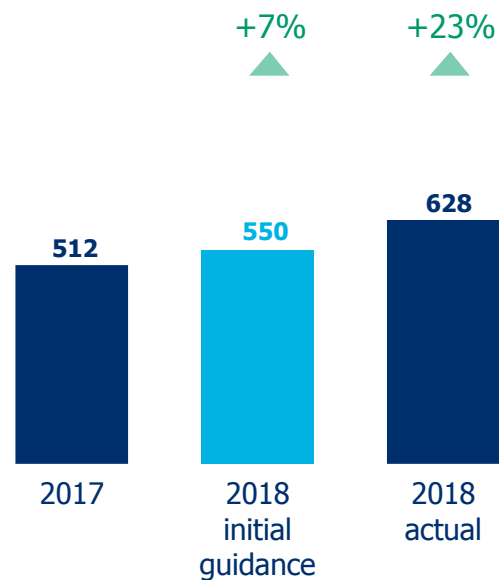
FY 2018 OPERATING RESULTS ANALYSIS



ETALON DELIVERED RECORD RESULTS
ACROSS ALL KEY METRICS IN FY 2018

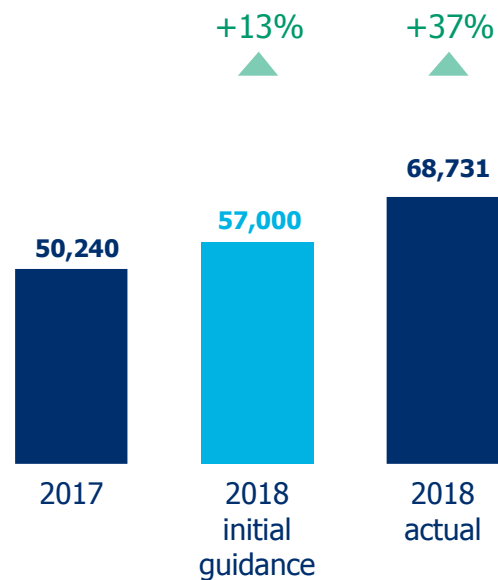
NEW CONTRACT SALES

ths sqm



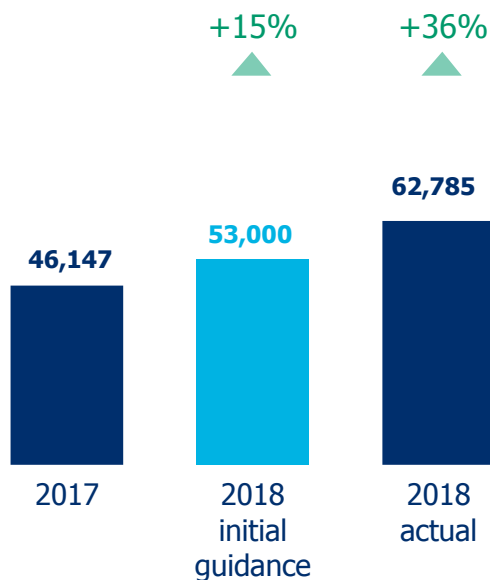
NEW CONTRACT SALES

mln RUB



CASH COLLECTIONS

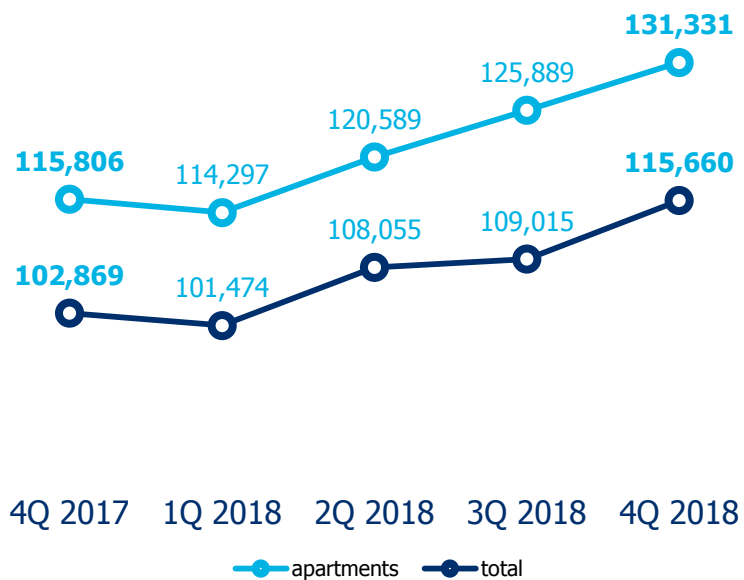
mln RUB



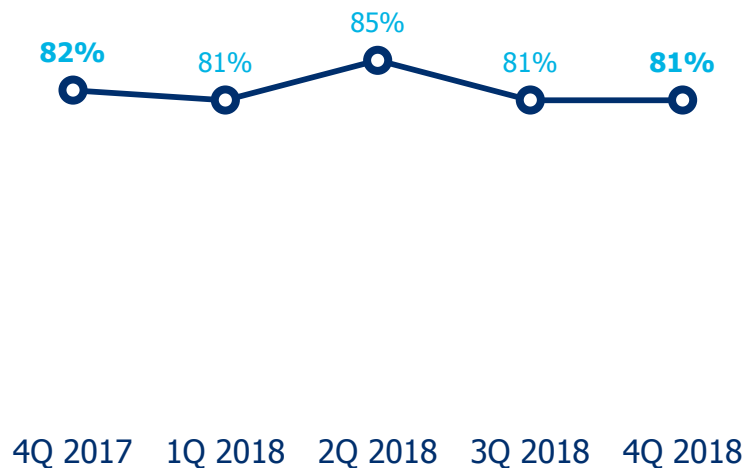
2018 PRICE DYNAMICS

AVERAGE PRICE FOR APARTMENTS
INCREASED BY 13% Y-O-Y

AVERAGE PRICE
RUB/sqm



AVERAGE DOWN PAYMENT
%

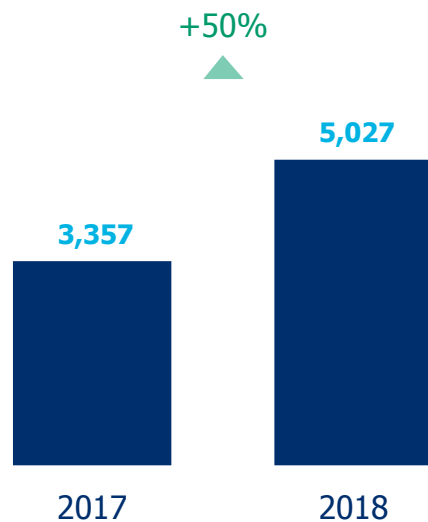


MORTGAGE SALES



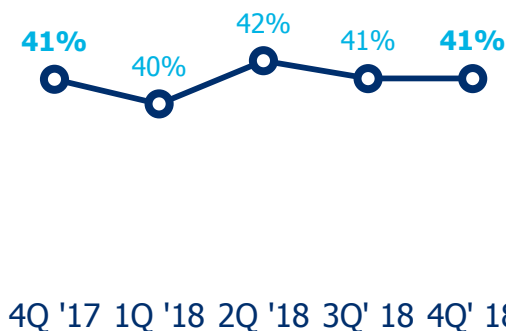
NUMBER OF MORTGAGE CONTRACTS
INCREASED BY 50% IN FY 2018

NUMBER OF MORTGAGE CONTRACTS SIGNED



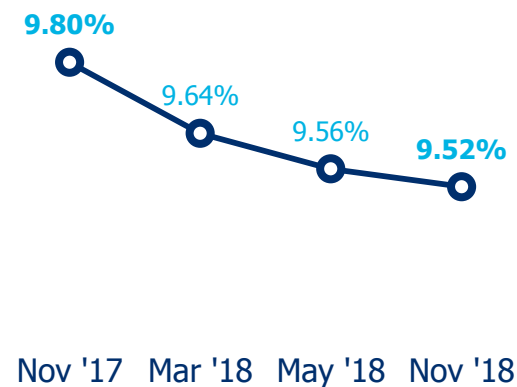
- Etalon Group offers various mortgage programmes through major banks, including Sberbank, VTB Group, Gazprombank, Raiffeisenbank and Absolut Bank

MORTGAGE CONTRACTS AS A SHARE OF SALES



- Joint programmes established with 25 banks and special mortgage agencies to offer flexible financing options:
 - minimum down payment: 10 – 20%
 - maturity: 1 – 30 years
 - interest rate: from 6%

AVERAGE MORTGAGE RATE IN RUSSIA⁽¹⁾



Source:
Company data

⁽¹⁾ Weighted average interest rate on mortgage loans given to residents of Russia for acquisition of apartments on the primary market during the month, based on CBR data

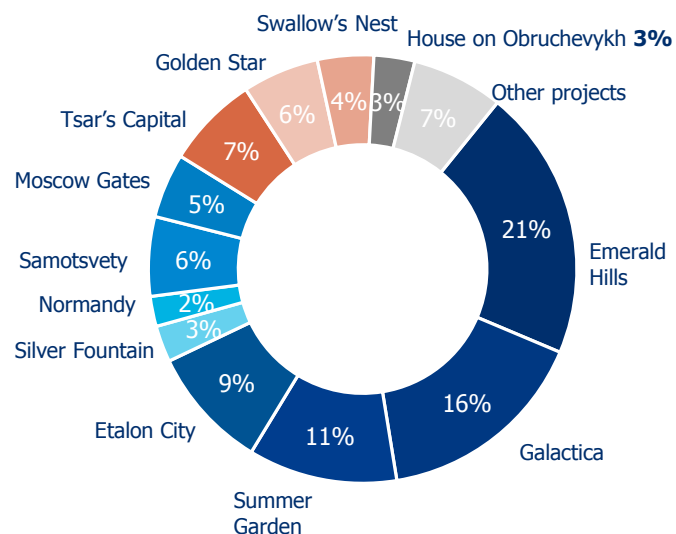
SALES PORTFOLIO



SALES PORTFOLIO IS EQUALLY DISTRIBUTED
BETWEEN PROJECTS IN ST PETERSBURG AND MOSCOW

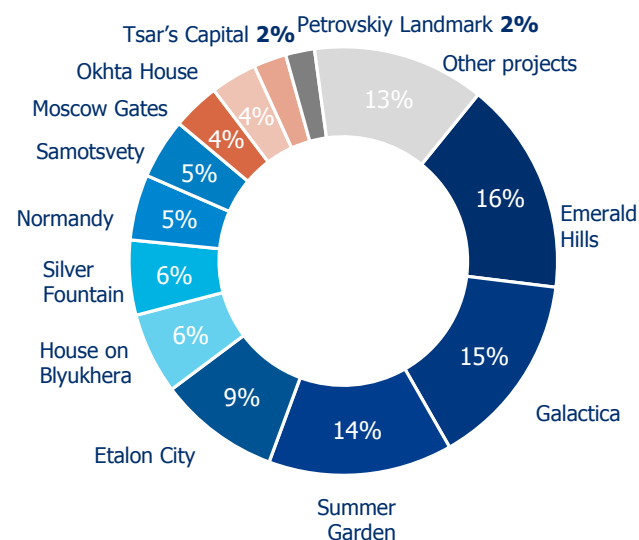
4Q 2017 NEW CONTRACT SALES BY PROJECT

sqm⁽¹⁾



4Q 2018 NEW CONTRACT SALES BY PROJECT

sqm⁽¹⁾



- Projects in Moscow **accounted for 50% of total sales**
- Share of business-class projects in total sales **increased from 7% to 15% in monetary terms**
- Summer Garden project brought 14% of 4Q 2018 new contract sales in sqm and an impressive **RUB 4 billion in monetary terms**
- Share of regional sales reached 35%

Source:
Company data

FINANCIAL RESULTS



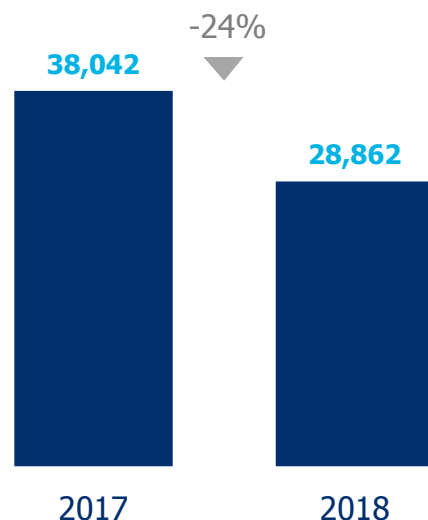
FY 2018 DEVELOPMENT REVENUE ANALYSIS



TOTAL REVENUE IN OUR CORE RESIDENTIAL DEVELOPMENT BUSINESS LINE INCREASED BY 6%

RESIDENTIAL DEVELOPMENT REVENUE RECOGNISED AT A POINT OF TIME

mln RUB

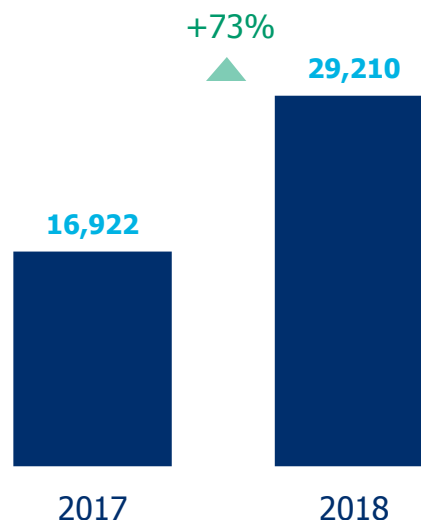


The decline in revenue recognised at a point of time (from completed property and recognised under previous approach) is driven by the **lower share of completed properties sold in 2018 and the shift to the new IFRS standard**

Source:
IFRS financial statements

RESIDENTIAL DEVELOPMENT REVENUE RECOGNISED OVER TIME (UNDER IFRS 15)

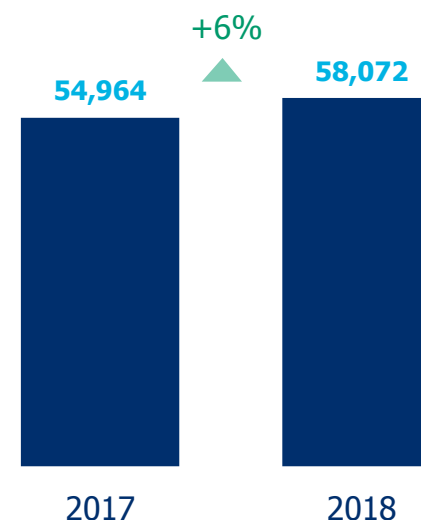
mln RUB



Residential development revenue recognised over time grew on the basis of **a significant increase in new contract sales of property at the early stage of the construction cycle in 2018 and the shift to the new IFRS standard**

TOTAL RESIDENTIAL DEVELOPMENT REVENUE

mln RUB

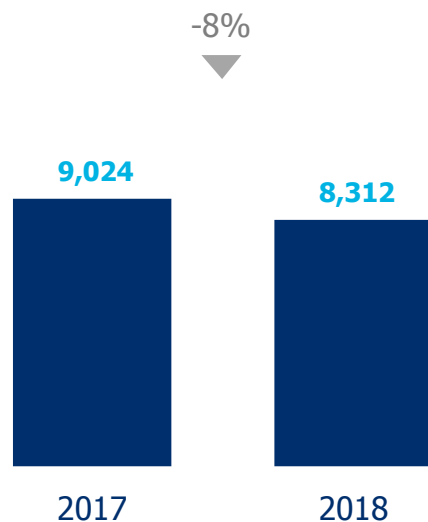


FY 2018 REVENUE ANALYSIS



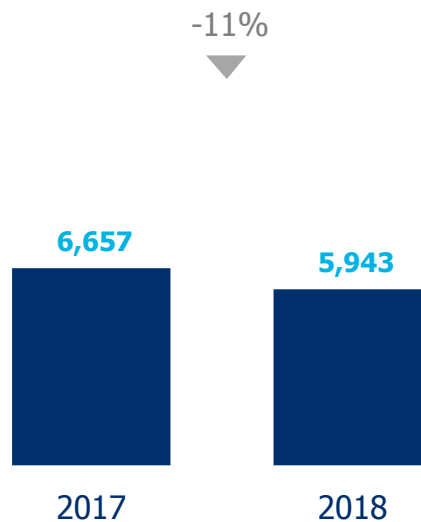
CONSTRUCTION SERVICES REVENUE FROM THIRD PARTIES

mln RUB



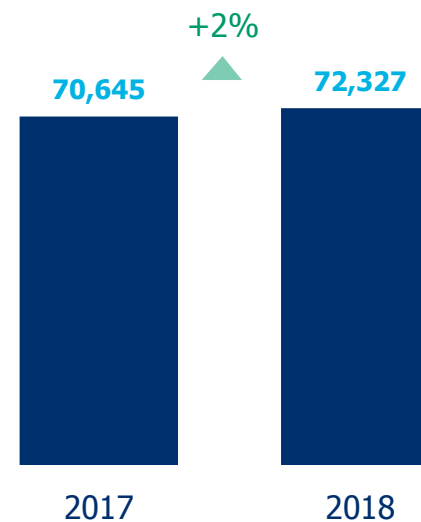
OTHER REVENUE⁽¹⁾

mln RUB



CONSOLIDATED REVENUE

mln RUB



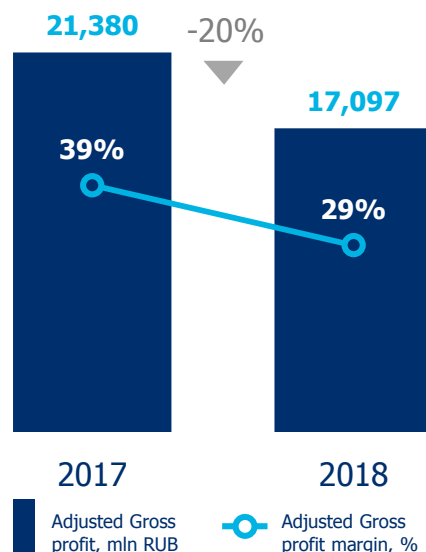
Source:
IFRS financial statements

⁽¹⁾ Including revenue from selling construction materials, maintenance services, etc.

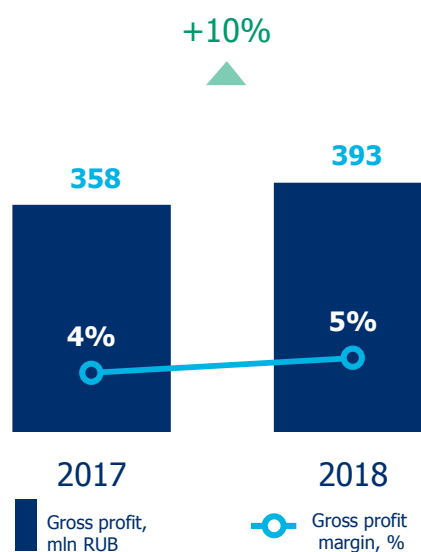
FY 2018 GROSS PROFIT ANALYSIS



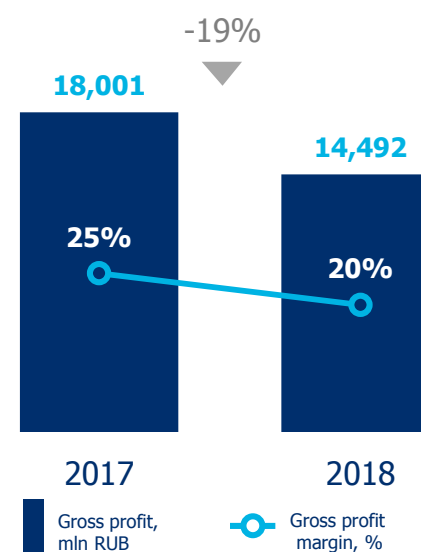
RESIDENTIAL DEVELOPMENT ADJUSTED GROSS PROFIT⁽¹⁾ mln RUB



CONSTRUCTION SERVICES GROSS PROFIT mln RUB



CONSOLIDATED GROSS PROFIT mln RUB



Residential development and consolidated gross profit for the year were impacted by **recognition of a significant part of the overall costs related to installation of utilities and other infrastructure allocated to the first stages of the projects** and required for large-scale development projects (Galactica and Silver Fountain)

Source:
IFRS financial statements

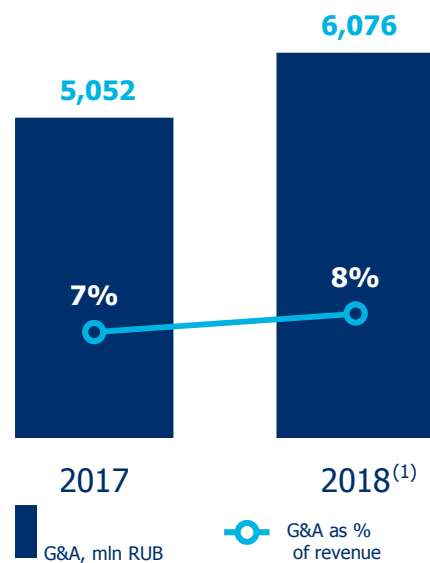
⁽¹⁾ Adjusted for borrowing costs and significant financing component in cost of sales

FY 2018 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES



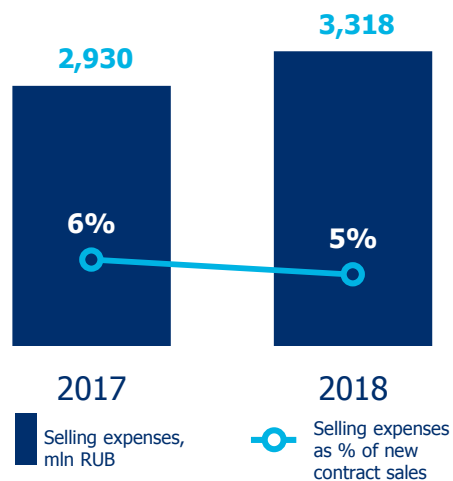
GENERAL AND ADMINISTRATIVE EXPENSES

mln RUB



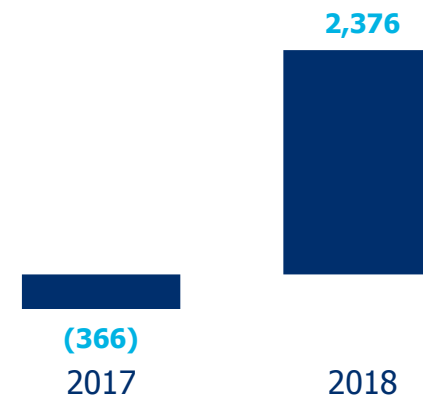
SELLING EXPENSES

mln RUB



OTHER EXPENSES (INCOME)

mln RUB



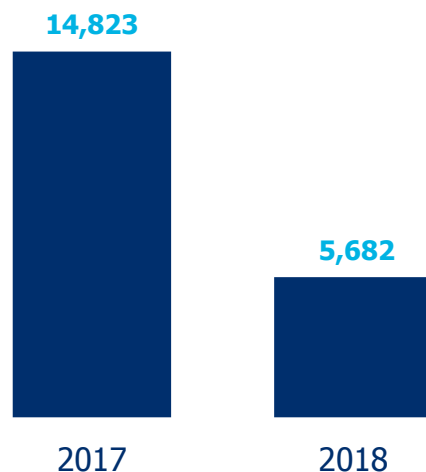
Source:
IFRS financial statements

⁽¹⁾ G&A expenses with elimination of non-cash effect from equity-settled share-based payment

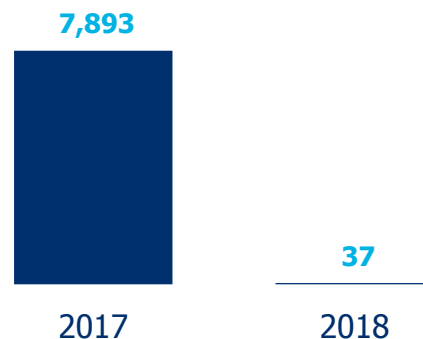
EBITDA AND NET INCOME ANALYSIS

NET INCOME IMPACTED BY NON-CASH ITEMS AND RECOGNITION OF COSTS RELATED TO INSTALLATION OF UTILITIES AND OTHER INFRASTRUCTURE

EBITDA
mln RUB



NET INCOME
mln RUB



The decrease in EBITDA and net income was the result of a temporary margin decrease in the main segment, as well as the negative impact of the following factors:

- **Non-cash** effect of impairment for social infrastructure (conservative position);
- **Non-cash** effect of the revenue discounting for parking installments;
- **Non-cash** effect of equity-settled share-based payments;
- **One-off** severance payments for managers who left the Company in 2018.

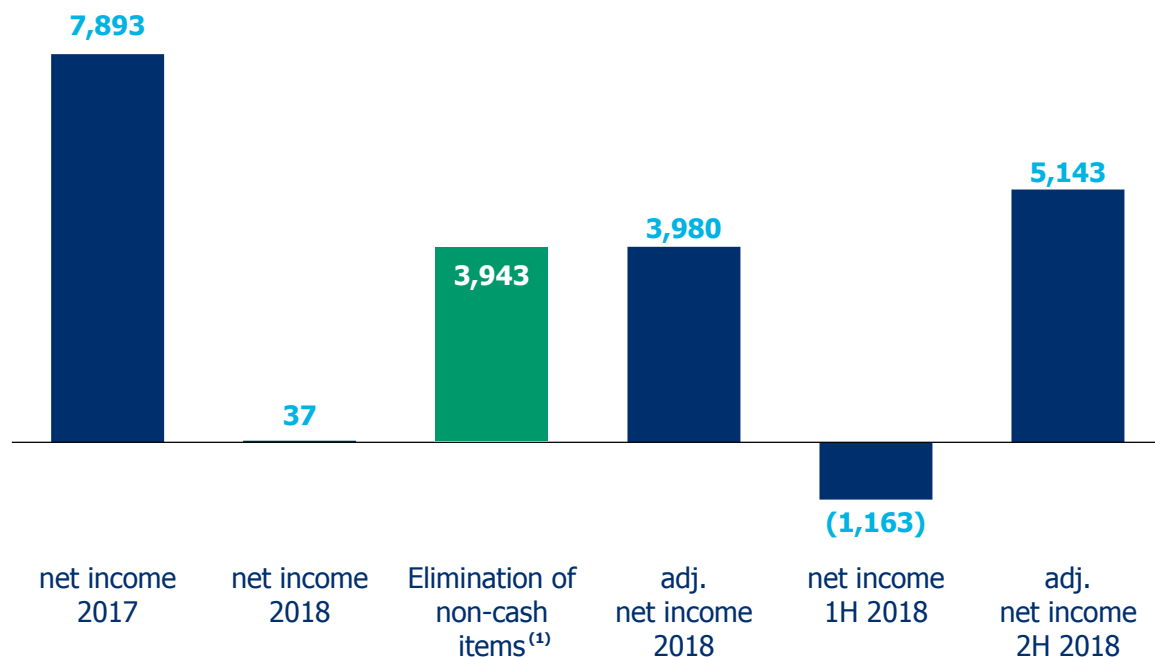
NET INCOME ANALYSIS



DURING 2018 THE COMPANY TOOK A HIGHLY CONSERVATIVE APPROACH TO RECOGNITION OF ITEMS THAT COULD POTENTIALLY HAVE A NEGATIVE EFFECT ON FUTURE FINANCIAL RESULTS

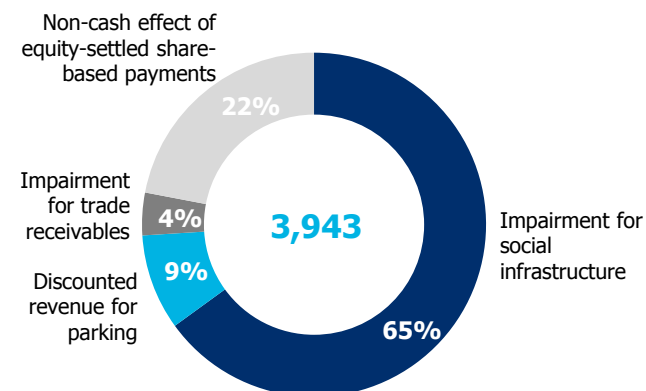
ADJUSTED NET INCOME FOR FY AND 2H 2018 CALCULATION

mln RUB



BREAKDOWN OF NON-CASH ITEMS

mln RUB



- Etalon Group's **Dividend Policy allows for dividend distribution based on adjusted net income**
- A final dividend for 2018 is subject to the recommendation of the Etalon Group Board of Directors and the final approval by the Company's shareholders at the Annual General Meeting

Source:
IFRS financial statements
and Company data

⁽¹⁾ Elimination of non-cash effects from equity-settled share-based payments, impairment for social infrastructure, methodology change for trade receivables impairment, application of IFRS 15 for revenue discounting of parking facilities

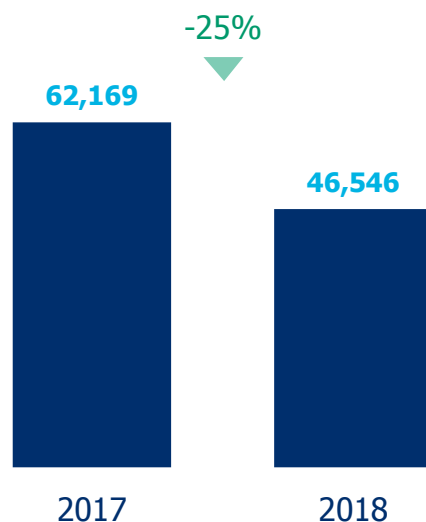
WORKING CAPITAL AND CASH FLOW ANALYSIS



RECORD-HIGH OPERATING CASH FLOW THANKS TO EFFICIENT WORKING CAPITAL MANAGEMENT

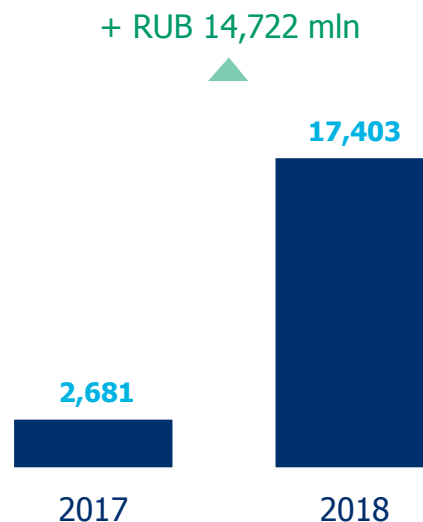
WORKING CAPITAL⁽¹⁾

mln RUB



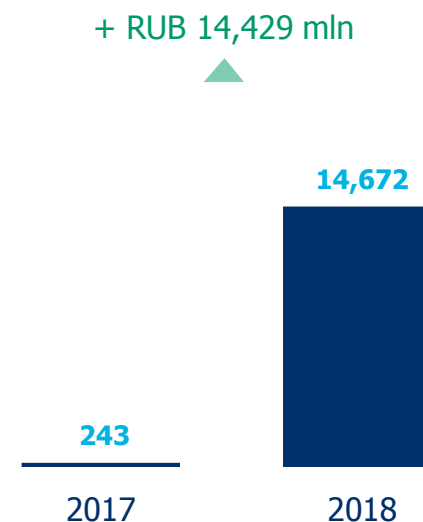
OPERATING CASH FLOW⁽²⁾

mln RUB



FREE CASH FLOW⁽³⁾

mln RUB



Source:
IFRS financial statements

⁽¹⁾ Working capital calculated as inventory less trade and other payables and provisions plus trade and other receivables adjusted for borrowing costs capitalised during the period and income tax receivable plus borrowing costs that have been included into the cost of sales and income tax payable

⁽²⁾ Operating cash flow less interest paid

⁽³⁾ Free cash flow is calculated as profit for the year adjusted for depreciation, share-based payments, impairments, interest, taxation, change in working capital, and change in invested capital

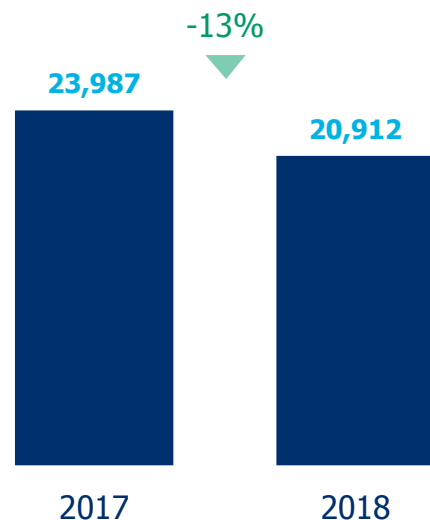
MAINTAINING A STRONG BALANCE SHEET



DUE TO HEALTHY CASH FLOW GENERATION ETALON HAD NET CASH POSITION

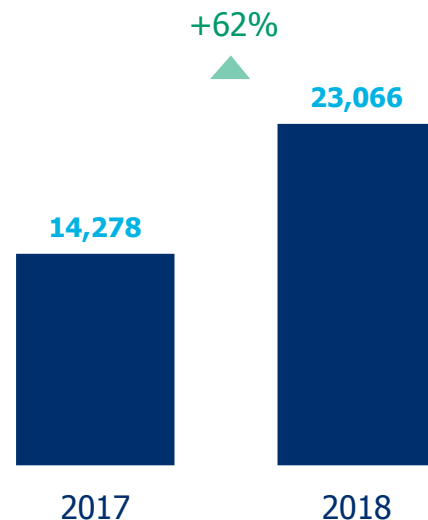
TOTAL DEBT

mln RUB



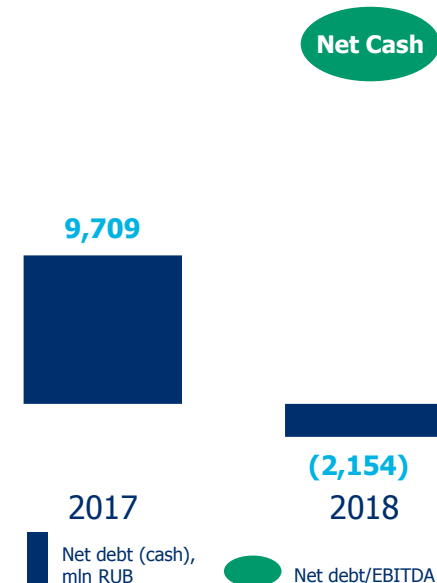
CASH AND CASH EQUIVALENTS ⁽¹⁾

mln RUB



NET DEBT (CASH)

mln RUB



- 100% of **debt denominated in RUB**
- **Average cost of borrowings declined** from 10.29% at the end of 2017 to **9.85%** at the end of 2018
- **S&P after the acquisition of Leader-Invest once again affirmed the long term global scale credit rating** of Etalon Group subsidiary Etalon LenSpetsSMU at B+ with a stable outlook⁽²⁾

Source:
Company data

⁽¹⁾ Including bank deposits over 3 months

⁽²⁾ As of 29.03.2019

MARKET OVERVIEW



SUPPLY AND DEMAND

FACTORS AFFECTING **SUPPLY**

▼ Changes in development industry regulations

- **Considerable positive impact in the long term** as weak and low-capitalised players are forced to scale back construction volumes and new barriers have been erected for market entry. This will result in a decrease in the supply of new housing and increase in the supply of land plots

▼ Further industry consolidation among top players

- **Positive impact** due to decreasing supply triggered by market consolidation among top players and departure of smaller developers who do not comply with the requirements of the amended law, which will decrease the number of buyers for land plots and result in lower costs for project acquisition

FACTORS AFFECTING **DEMAND**

▲ Macro stabilisation and subsequent real disposable income growth

- Macro stabilisation and growth of real disposable income **is likely to provide further stimulus for potential buyers** of residential real estate

▲ Significant decrease in mortgage rates

- **Considerable positive impact on demand for housing**, as a significant decline in interest rates has already made the purchase of new apartments accessible to a larger number of residents of St Petersburg and Moscow. At the same time, if the key rate is lowered to 7%⁽¹⁾, another 1.5 million households are expected to be added to demand⁽²⁾

⁽¹⁾ Interview with German Gref published in RBC newspaper on 18.09.2018

⁽²⁾ MACON Realty Group estimates based on Rosstat income distribution data, saving rates, households consumption patterns; AHML data; MinEc data and other open sources

ENACTED AMENDMENTS TO REGULATION



ETALON CAN EASILY COMPLY WITH
THE AMENDMENTS INTRODUCED TO
THE PRE-SALE MODEL

REQUIREMENTS FOR PROJECTS WITH PERMISSIONS RECEIVED AFTER **1 JULY 2018**

ENHANCED TRANSPARENCY REQUIREMENTS

- Audited annual financial reporting
- Disclosure of interim unaudited financial results

✓ **Etalon has long-established IFRS reporting systems and undergoes semi-annual audits**

FINANCING

- Borrowing activities are limited to project financing only
- No bonds, only equity issuance allowed

✓ **Etalon can meet additional financing needs through parent company borrowings, as intra-group loans up to 20% of project cost are allowed**

ENHANCED TRACK RECORD REQUIREMENTS

- A minimum 3-year track record, and at least 5 ths sqm of area commissioned

✓ **Etalon has 30 years of experience and has commissioned over 6.3 mln sqm of property**

ASSOCIATED COSTS AND CAPITAL REQUIREMENTS

- 1.2% of equity participation contract value must be contributed to the Compensation fund
- 10% of the total project value must be deposited in a mandated bank before project launch

✓ **Etalon's strong balance sheet, with RUB 59 bln⁽¹⁾ in equity and low net debt, enables it to easily comply with the new requirement**

USE OF FUNDS FOR DEVELOPMENT PURPOSES

- Advances associated with design and construction are limited to 30% of total project value
- SG&A to be capped at 20% of construction costs if a company reports under IFRS

✓ **Current values for Etalon Group companies are in line with the new requirements of the law as amended**

⁽¹⁾ As of 30.06.2018

EXPECTED AMENDMENTS TO REGULATION



PROJECT FINANCING WILL BECOME
WAY MORE AFFORDABLE WHEN
ESCROW ACCOUNTS ARE USED

REQUIREMENTS FOR PROJECTS WITH PERMISSIONS RECEIVED AFTER **1 JULY 2019**

USE OF ESCROW ACCOUNTS

- Mandatory use of escrow accounts for incoming funds from sales with permissions received after 1 July 2019
- Use of escrow account for incoming funds from sales with permissions received before 1 July 2019 will depend both on percentage of project completion and the number on contract sales. The percentage of project completion and the number on new contract sales will be determined by government in 1H 2019
- Payments from customers will become available to developers after project commissioning
- Most of previously-applicable constraints, such as mandatory contributions to compensation fund, will be removed when escrow accounts are used, leading to **cost savings for housing developers**

FINANCING MECHANISM

- Use of bank **credit lines at a c. 4%⁽¹⁾ interest rate backed by escrow accounts**

POSSIBLE FUTURE SCENARIO

- **Step-by-step withdrawal of funds from escrow accounts** as projects progress, in line with global best practice

Escrow accounts are widely accepted in the EU, UK and Switzerland, as well as in emerging economies like India, Brazil and the UAE where the real estate market's evolution is similar to Russia's

Regulation in Russia is likely to develop in a similar way, with developers being allowed to receive funds in several tranches as they complete successive stages of projects

⁽¹⁾ Dom.rf: according to the escrow account terms announced by Rossiysky Capital Bank

IMPACT OF AMENDMENTS ON MARKET AND ETALON GROUP

LARGE AND WELL-CAPITALISED PLAYERS LIKE ETALON WILL BENEFIT FROM NEW REGULATION

MARKET

Industry consolidation

Small and midsize players will lose market share due to inability to raise sufficient funds

Barriers for new entrants

New players, including current landowners, will face additional entry barriers

Decline in supply

Supply will shrink as small and midsize players are forced to leave the market and remaining volumes of available properties decrease

Price increases

Additional costs related to servicing new funding scheme and decrease in supply will inflate prices

ETALON GROUP

Solid financials

Etalon Group has RUB 59 bln⁽¹⁾ in equity and a low net debt level, which allows us to acquire and execute new projects with ease

Access to funding

Sufficient own funds and successful track record of public borrowing, as well as established relationships with top banks

Loyal customers

Customers are ready to absorb price increase thanks to distinctive quality of offering and continuous product improvement

Potential ability to expand project portfolio with high-quality sites

Around 40%⁽²⁾ of current developers will not be able to carry on development themselves. As a result, Etalon may purchase land at attractive prices

Ongoing market consolidation

Etalon may achieve sales targets in its core markets faster than initially planned due to ongoing consolidation

Greater confidence in industry

Etalon already has a sterling reputation with its customers. Improved transparency and elimination of dishonest players will further increase customers' confidence in the real estate sector and encourage them to make a purchase

⁽¹⁾ As of 30.06.2018

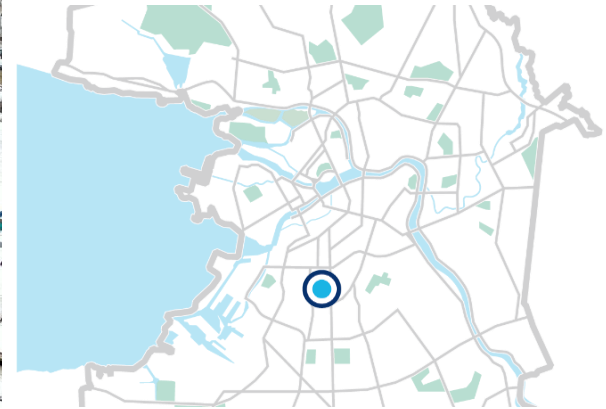
⁽²⁾ Source: Knight Frank

SELECTED PROJECTS



MARCH 2019

DECEMBER 2018



Total NSA
809 ths sqm

Open Market Value⁽¹⁾
RUB 18,234 mln

Income from sales⁽¹⁾
RUB 74,907 mln

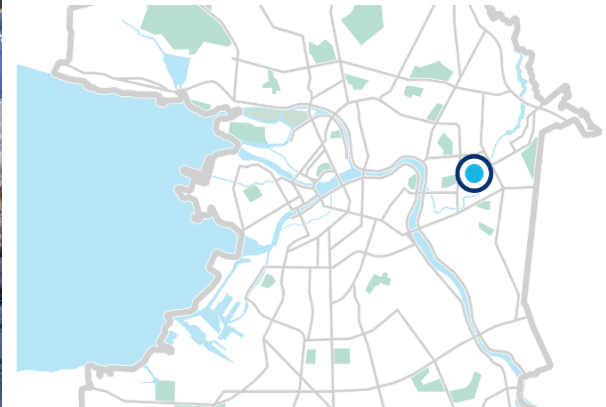
St Petersburg

⁽¹⁾ Knight Frank estimate as of 30.06.2018

OKHTA HOUSE

MARCH 2019

DECEMBER 2018



Total NSA
133 ths sqm

Open Market Value⁽¹⁾
RUB 4,435 mln

Income from sales⁽¹⁾
RUB 15,951 mln

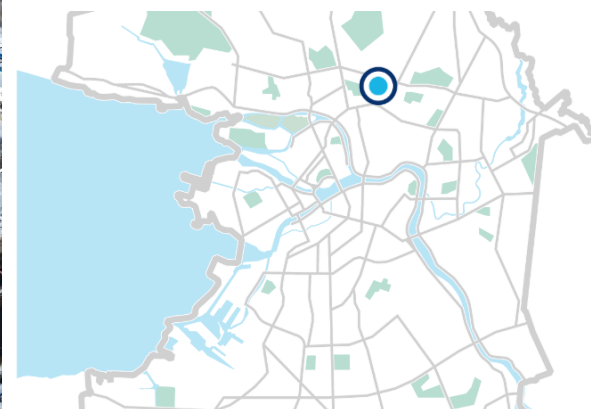
St Petersburg

⁽¹⁾ Knight Frank estimate as of 30.06.2018

HOUSE ON BLYUKHERA

MARCH 2019

DECEMBER 2018



Total NSA
105 ths sqm

Open Market Value⁽¹⁾
RUB 2,233 mln

Income from sales⁽¹⁾
RUB 9,219 mln

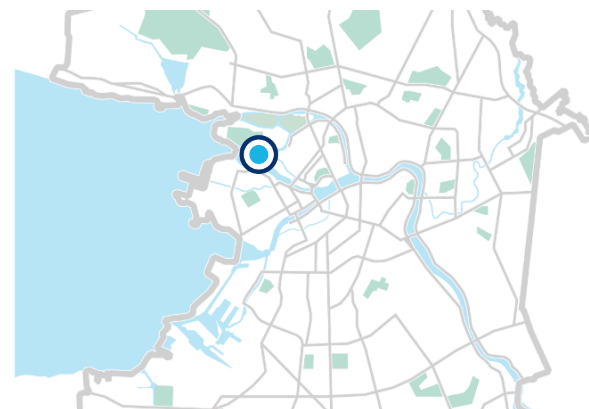
St Petersburg

⁽¹⁾ Knight Frank estimate as of 30.06.2018

PETROVSKIY LANDMARK

MARCH 2019

DECEMBER 2018



Total NSA
89 ths sqm

Open Market Value⁽¹⁾
RUB 6,005 mln

Income from sales⁽¹⁾
RUB 17,982 mln

St Petersburg

⁽¹⁾ Knight Frank estimate as of 30.06.2018

ETALON ON THE NEVA

MARCH 2019

VISUALISATION



Total NSA
76 ths sqm

Open Market Value⁽¹⁾
RUB 1,966 mln

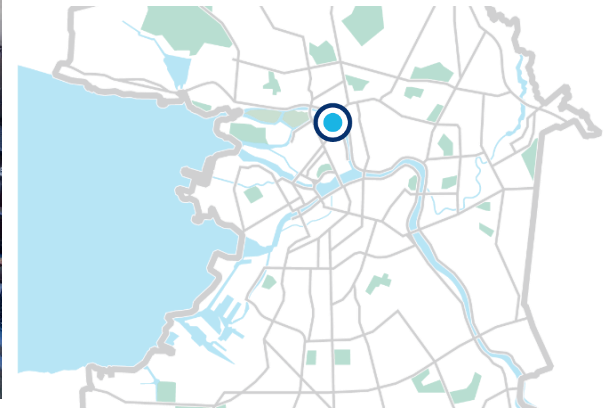
Income from sales⁽¹⁾
RUB 6,409 mln

St Petersburg

⁽¹⁾ Knight Frank estimate as of 30.06.2018

MARCH 2019

DECEMBER 2018



Total NSA
47 ths sqm

Open Market Value⁽¹⁾
RUB 1,866 mln

Income from sales⁽¹⁾
RUB 6,516 mln

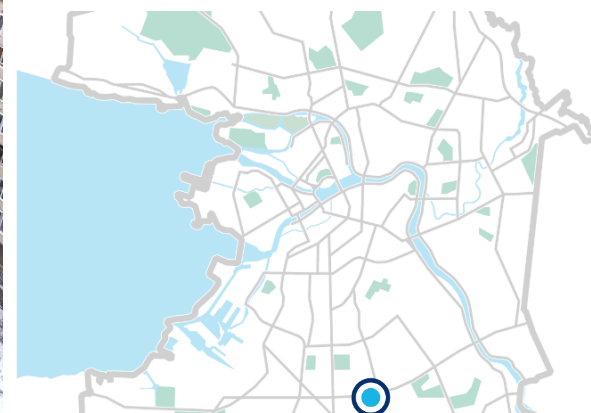
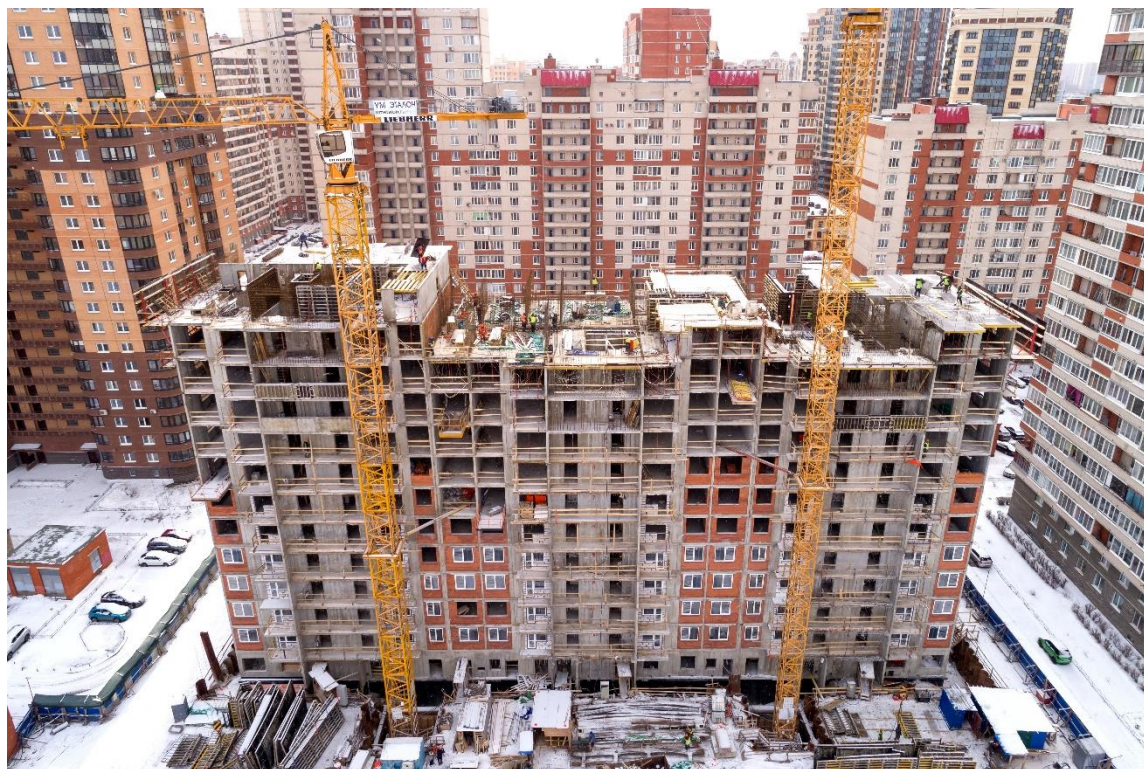
St Petersburg

⁽¹⁾ Knight Frank estimate as of 30.06.2018

HOUSE ON KOSMONAVTOV

MARCH 2019

DECEMBER 2018



Total NSA
27 ths sqm

Open Market Value⁽¹⁾
RUB 944 mln

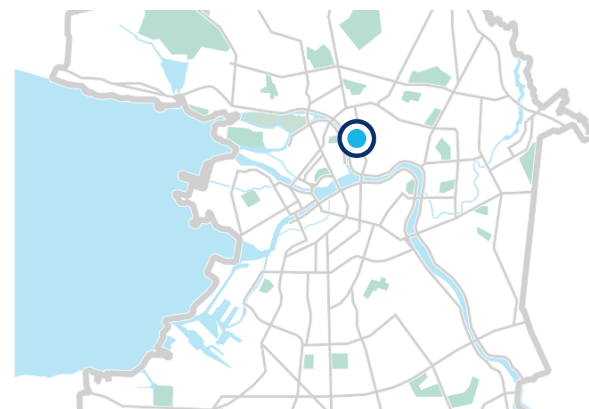
Income from sales⁽¹⁾
RUB 2,504 mln

St Petersburg

⁽¹⁾ Knight Frank estimate as of 30.06.2018

MARCH 2019

DECEMBER 2018



Total NSA
14 ths sqm

Open Market Value⁽¹⁾
RUB 740 mln

Income from sales⁽¹⁾
RUB 2,210 mln

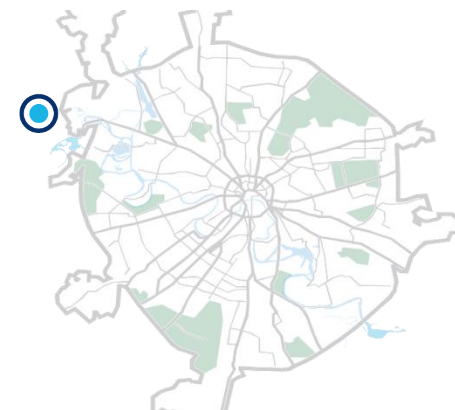
St Petersburg

⁽¹⁾ Knight Frank estimate as of 30.06.2018

EMERALD HILLS

MARCH 2019

DECEMBER 2018



Total NSA
850 ths sqm

Open Market Value⁽¹⁾
RUB 10,296 mln

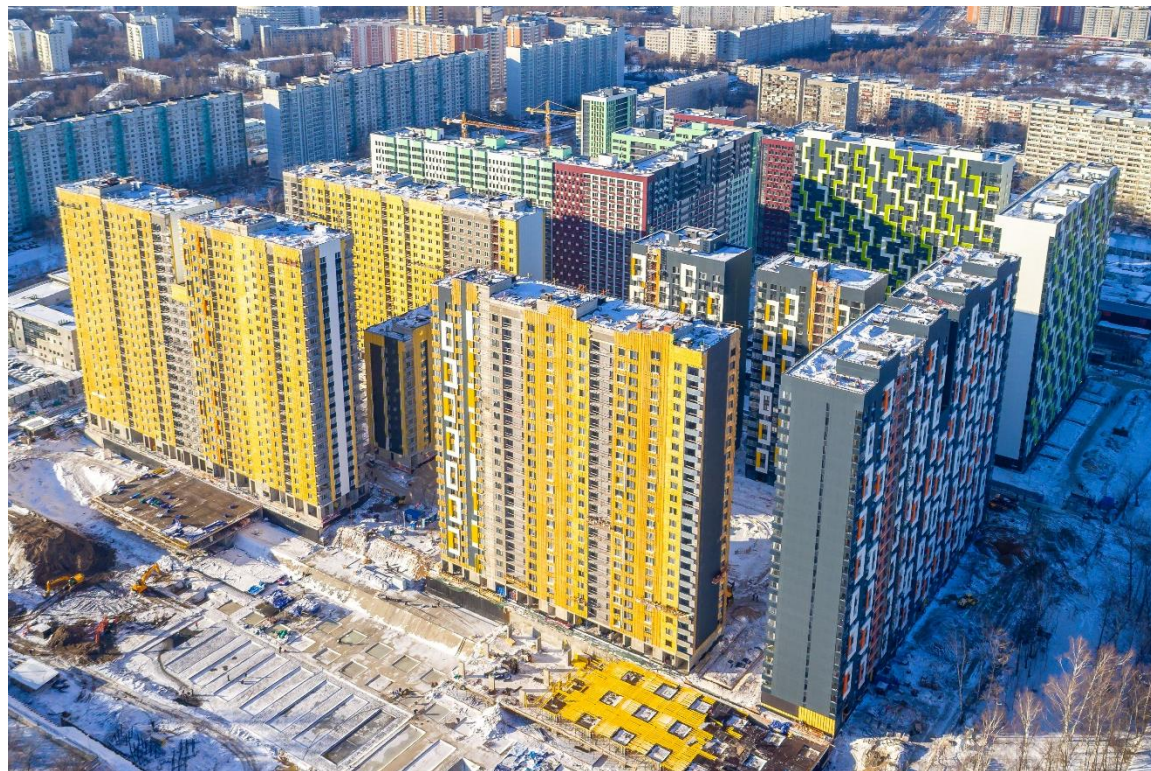
Income from sales⁽¹⁾
RUB 60,069 mln

Moscow region

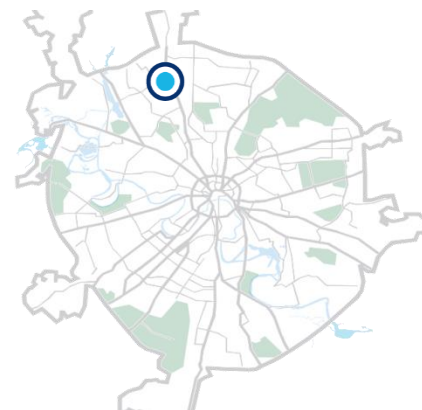
⁽¹⁾ Knight Frank estimate as of 30.06.2018

SUMMER GARDEN

MARCH 2019



DECEMBER 2018



Total NSA
294 ths sqm

Open Market Value⁽¹⁾
RUB 6,750 mln

Income from sales⁽¹⁾
RUB 33,447 mln

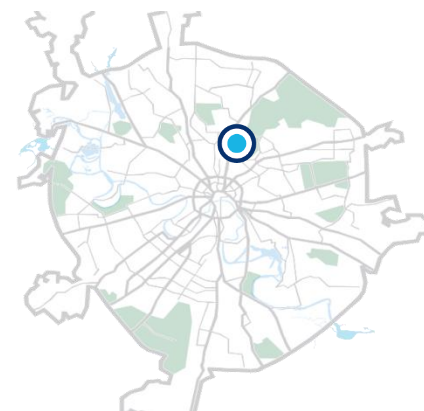
Moscow

⁽¹⁾ Knight Frank estimate as of 30.06.2018

SILVER FOUNTAIN

MARCH 2019

DECEMBER 2018



Total NSA
225 ths sqm

Open Market Value⁽¹⁾
RUB 10,622 mln

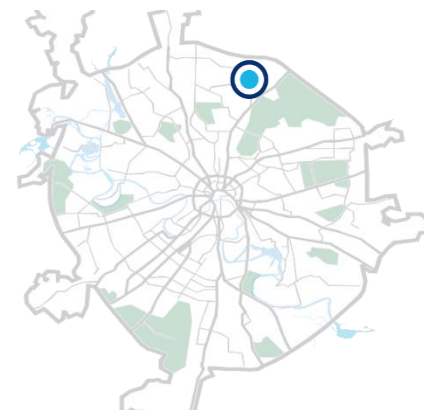
Income from sales⁽¹⁾
RUB 43,917 mln

Moscow

⁽¹⁾ Knight Frank estimate as of 30.06.2018

MARCH 2019

DECEMBER 2018



Total NSA
129 ths sqm

Open Market Value⁽¹⁾
RUB 5,003 mln

Income from sales⁽¹⁾
RUB 14,730 mln

Moscow

⁽¹⁾ Knight Frank estimate as of 30.06.2018

APPENDIX



AT A GLANCE

PRESENCE IN RUSSIA'S LARGEST MARKETS

- > Focus on middle class residential real estate in Moscow and St Petersburg
- > 11% CAGR for deliveries over 2010-2018⁽¹⁾

STRONG DELIVERY TRACK RECORD

- > Over 30 years of construction & development experience
- > 6.3 mln sqm commissioned

TRUE VERTICAL INTEGRATION

- > Strategic vertical integration in key value-added segments of property development enables the Company to control costs, quality and timing
- > 5 ths employees
- > Country-wide sales network covering 58 cities

DIVERSIFIED PROJECTS PORTFOLIO

- > Land bank of 4.01 mln sqm⁽²⁾
- > Land bank sufficient until 2024
- > Projects well diversified by locations within both St Petersburg and Moscow

LIQUIDITY AND CREDIT RATINGS

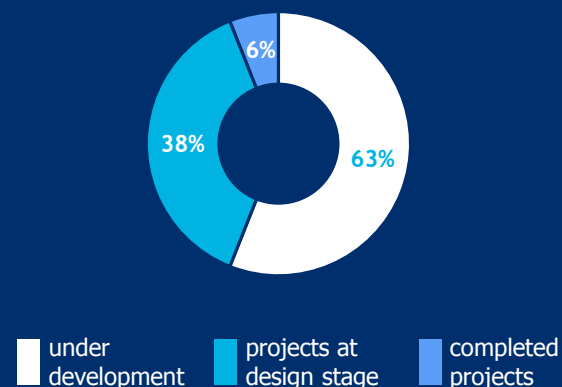
- > Secure liquidity position supported by solid cash generation and strict working capital management
- > Low leverage: Net Cash position of RUB 2.2 bln⁽³⁾
- > Credit rating by S&P: B+⁽⁴⁾

CORPORATE GOVERNANCE

- > 10 BoD members, 6 Non-Executive Independent Directors
- > Board of Directors consists of professionals with broad range of experience and expertise, ensuring that the interests of all groups of shareholders are appropriately represented
- > Monthly visual updates on projects, quarterly trading updates and semi-annual financial reporting
- > Official guidance on deliveries and new contract sales
- > Dividend policy aims to pay out 40% to 70% of IFRS net profit semi-annually

LSE ticker	ETLN:LI
Current share price	1.82 (28.03.2019)
Market Capitalisation	USD 536.8 mln
Total Assets Value	RUB 200 bln ⁽²⁾

PROJECT PORTFOLIO COMPOSITION⁽²⁾



⁽¹⁾ Company operating results

⁽²⁾ Including Leader-Invest projects, and minority interest of Sistema PJSFC of 49% in those projects

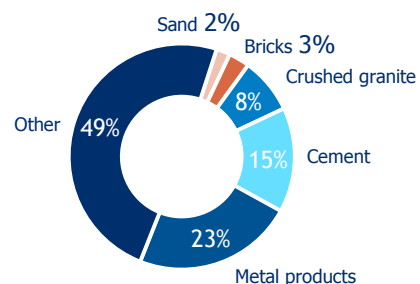
⁽³⁾ IFRS Financial Statements for FY ended 31.12.2018

⁽⁴⁾ 'B+' long-term corporate credit rating of Etalon LenSpetsSMU (last reconfirmed on 29.03.2019)

TYPICAL PROJECT COST STRUCTURE

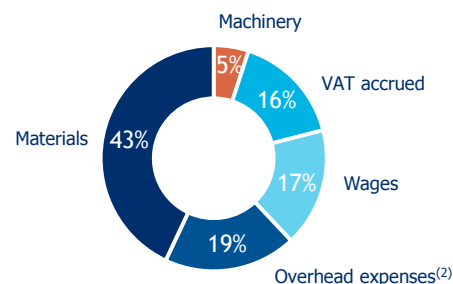
MATERIALS COST STRUCTURE⁽¹⁾

RUB 12,000-18,000 per sqm of NSA



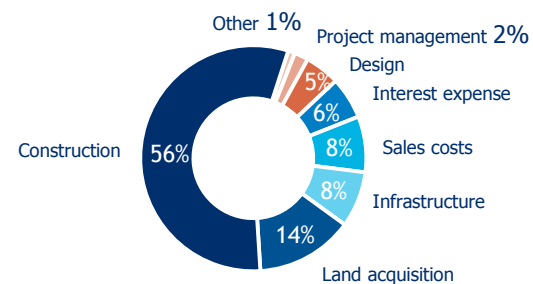
CONSTRUCTION COST STRUCTURE⁽¹⁾

RUB 29,000-39,000 per sqm of NSA



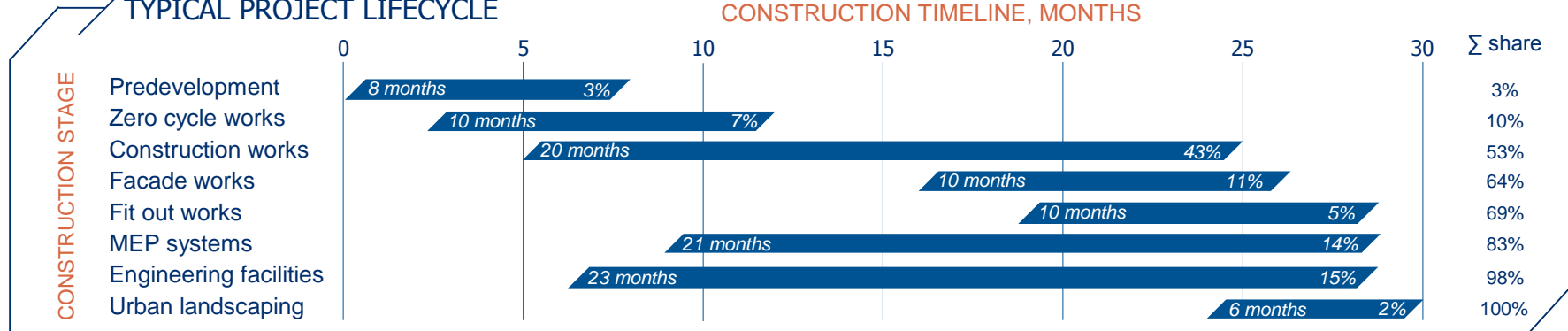
TOTAL COST STRUCTURE⁽¹⁾

RUB 59,000-72,000 per sqm of NSA



TYPICAL PROJECT LIFECYCLE

CONSTRUCTION TIMELINE, MONTHS



⁽¹⁾ Source: Company estimates for typical project based on current portfolio average. Actual breakdown per project is subject to significant variation due to a number of factors.

⁽²⁾ Including payroll tax

INCOME STATEMENT

MLN RUB	2016	2017	2018
Revenue	49,022	70,645	72,327
Cost of sales	(36,813)	(52,644)	(57,835)
Gross profit	12,209	18,001	14,492
General and administrative expenses	(4,454)	(5,052)	(6,922)
Selling expenses	(1,984)	(2,930)	(3,318)
Impairment loss on trade and other receivables	-	(673)	(800)
Other expenses, net	(753)	366	(2,376)
Results from operating activities	5,018	9,712	1,076
Finance income	1,857	1,712	2,284
Finance costs	(319)	(1,007)	(2,015)
Net finance income	1,538	705	269
Profit before income tax	6,556	10,417	1,345
Income tax expense	(1,654)	(2,524)	(1,308)
Profit for the period	4,902	7,893	37
<i>Profit attributable to:</i>			
Owners of the Company	4,902	7,890	35
Non-controlling interest	-	3	2
Profit for the period	4,902	7,893	37

Source:
IFRS financial statements

BALANCE SHEET



MLN RUB	2016	2017	2018
ASSETS			
Non-current assets			
PP&E	2,889	3,085	3,195
Investment property	561	333	306
Other long-term investments	545	739	758
Trade and other receivables	5,063	5,867	5,777
Deferred tax assets	1,414	2,173	2,805
Other non-current assets	-	-	-
TOTAL NON-CURRENT ASSETS	10,472	12,197	12,841
Current assets			
Inventories	71,261	78,122	73,729
Contract assets, trade and other receivables	21,409	30,184	20,732
Short-term investments	793	185	203
Cash and cash equivalents	10,206	14,125	23,066
Other current assets	-	-	-
TOTAL CURRENT ASSETS	103,669	122,616	117,730
TOTAL ASSETS	114,141	134,813	130,571
EQUITY AND LIABILITIES			
Equity			
Share capital	15,070	14,103	15,487
Retained earnings	43,052	48,702	44,627
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	58,122	62,805	60,114
Non-controlling interest	28	-	2
TOTAL EQUITY	58,150	62,805	60,116
Non-current liabilities			
Loans and borrowings	12,415	21,418	17,559
Contract liabilities, trade and other payables	859	2,546	1,995
Provision	107	102	121
Deferred tax liabilities	1,557	2,941	2,808
TOTAL NON-CURRENT LIABILITIES	14,938	27,007	22,483
Current liabilities			
Loans and borrowings	5,639	2,569	3,353
Contract liabilities, trade and other payables	33,666	40,569	43,658
Provisions	1,748	1,863	961
TOTAL CURRENT LIABILITIES	41,053	45,001	47,972
TOTAL EQUITY AND LIABILITIES	114,141	134,813	130,571

Source:
IFRS financial statements

CASH FLOW STATEMENT

MLN RUB	2016	2017	2018
OPERATING ACTIVITIES			
Profit for the period	4,902	7,893	37
Adjustments for:			
Depreciation	434	340	365
Gain on disposal of PP&E	(52)	(113)	8
Gain on disposal of investment property	(267)	(27)	-
Impairment gain/(loss) on investment property	(41)	-	-
Impairment loss on inventories	430	819	512
Impairment loss/reversal on trade and other receivables, advances paid to suppliers and investments	-	673	900
Equity-settled share-based payment transactions	-	221	846
Finance income, net	(1,538)	(705)	(269)
Income tax expense	1,654	2,524	1,308
CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	5,522	11,625	3,707
Change in inventories	(1,780)	(1,009)	5,648
Change in accounts receivables	(3,746)	(6,953)	9,036
Change in accounts payable	7,812	161	(65)
Change in provisions	(1,808)	112	(883)
Change in contract assets	-	(203)	(57)
Change in contract liabilities	-	1,329	1,500
Income tax paid	(1,960)	(2,381)	(1,483)
Interest paid	(2,603)	(2,257)	(2,246)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	1,437	424	15,157
INVESTING ACTIVITIES			
Proceeds from disposal of non-current assets	93	294	57
Proceeds from disposal of investment property	-	232	8
Interest received	1,153	918	1,125
Acquisition of PP&E	(711)	(707)	(550)
Loans given	(435)	(60)	(91)
Loans repaid	25	93	6
(Acquisition)/disposal of other investments	242	122	41
NET CASH FROM /(USED IN) INVESTING ACTIVITIES	367	892	596
FINANCING ACTIVITIES			
Acquisition of non-controlling interest	(94)	(29)	-
Proceeds from borrowings	9,016	15,889	4,707
Repayments of borrowings	(10,404)	(10,009)	(7,719)
Acquisition of own shares	-	(628)	(651)
Dividends paid	(1,504)	(2,542)	(3,567)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	(2,986)	2,681	(7,230)
Net increase/(decrease) in cash and cash equivalents	(1,182)	3,997	8,523
Effect of FX rate fluctuations	(144)	(78)	418
Cash & cash equivalents at the end of the period	10,206	14,125	23,066

Source:
IFRS financial statements



MOEX FORUM 2019: MOSCOW SESSION

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